UNIVERSITY OF TAMPERE

Department of Management Studies

# DEVELOPMENT OF MARKETING COMMUNICATIONS IN THE IMPLEMENTATION OF INTERNATIONAL BUSINESS UNIT STRATEGY

## Case: Rautaruukki Corporation, Infrastructure Construction

Johanna Pystynen, 70997

# ABSTRACT

In the international marketing literature the topic of global versus local marketing mix strategy has been debated extensively. There are two different approaches to international marketing strategies presented. Researches that support the global standardisation approach argue that a single marketing strategy and a standardized marketing mix should be used in international markets to minimize total costs and promote a global corporate image. On the other hand, researchers who support the marketing adaptation claim that the marketing mix should be fitted to the unique environment of each local market.

Many strategies fail because of the ineffective strategy implementation and not because of the faulty strategy formulation. The objective of this Master's Thesis was to study corporate strategy implementation in local level using marketing communication mix as an implementation tool. The study was executed in association with a Finnish multinational company, Rautaruukki Corporation. The purpose of this study was to describe the current situation in implementing the business unit strategy in the case organization and to develop marketing communication mix.

The study was conducted by first examining literature in the field of strategy implementation and international marketing. The marketing communication mix elements were grouped into five main dimensions of the work: advertising, sales promotion, direct marketing, public relations and personal selling. The same grouping method was used when empirical data was gathered and analyzed. Empirical research was conducted within Rautaruukki Corporation's business unit, Infrastructure Construction with the help of survey questionnaires and thematic interviews.

The findings of the study reveal that the case organization has succeeded well in the strategy implementation even though it is facing typical challenges of the strategy implentation. According to the interviews sometimes more attention is paid to the formulation of the strategy than to the implementation and measuring of the strategy implementation is difficult. It was also concluded that globalization and localization of marketing communication mix is not an all-or-nothing proposition but a matter of degree.

# TIIVISTELMÄ

Kansainvälisen markkinoinnin kirjallisuudessa aiheesta globaali vastaan lokaali markkinointimix-strategia on kiistelty paljon. Aiheeseen on esitetty kaksi eri näkökulmaa. Tutkijat, jotka tukevat globaalin standardisoinnin näkökulmaa, väittävät, että yhtä markkinointistrategiaa ja standardisoitua markkinointimixiä tulisi käyttää kansainvälisillä markkinoilla minimoimaan kokonaiskustannukset ja edistämään globaalia yritysimagoa. Toisaalta, tutkijat, jotka kannattavat markkinoinnin lokalisointia, väittävät, että markkinointimix tulisi mukauttaa jokaiseen paikalliseen markkinaympäristöön.

Usein strategian epäonnistumisen syynä on strategian tehoton toimeenpano eikä strategian puutteellinen muodostaminen. Tämän pro gradu -tutkielman tavoitteena oli tutkia yritysstrategian toimeenpanoa paikallisella tasolla käyttäen markkinointiviestintämixiä strategian toimeenpanon työkaluna. Tutkimus tehtiin yhteistyössä suomalaisen monikansallisen yhtiön, Rautaruukki Oyj:n kanssa. Tutkimuksen tavoitteena oli kuvailla tämän hetkistä tilannetta case organisaatiossa liiketoimintayksikön strategian toimeenpanossa ja kehittää organisaation markkinointiviestintämixiä.

Tutkimusaiheen käsittely aloitettiin tutustumalla aihealueen kirjallisuuteen. Markkinointiviestintämixin elementit ryhmiteltiin viiteen pääulottuvuuteen: mainostamiseen, myynnin edistämiseen, suoramarkkinointiin, suhdetoimintaan ja henkilökohtaiseen myyntityöhön. Sama ryhmittelytapa toimi perustana empiirisen tiedon keräämisessä ja analysoinnissa. Empiirinen tutkimus toteutettiin Rautaruukki Oyj:n Infrastruktuurirakentamisen liiketoimintayksikössä kyselylomakkeiden ja teemahaastattelujen avulla.

Tutkielman tulokset osoittivat, että strategian implementointi on onnistunut hyvin kohdeorganisaatiossa, vaikka kohdeorganisaatio kokeekin strategian toimeenpanoon liittyviä tyypillisiä ongelmia. Haastateltavien mukaan organisaatiossa kiinnitetään joskus enemmän huomiota strategian muodostamiseen kuin sen toimeenpanoon ja strategian toimeenpanon onnistuneisuutta on vaikea mitata. Lisäksi todettiin, että markkinointiviestintämix-strategian valintaa ei tulisi tehdä kahden ääripään välillä, vaan ennemmin tulisi harkita, missä suhteessa toisiinsa nähden globaalia standardisointia ja lokaalia mukauttamista tulisi käyttää.

# FIGURES AND TABLES

# TABLE OF CONTENTS

# 1 INTRODUCTION

## 1.1 Background discussion

In the international marketing literature the topic of global versus local marketing mix strategy has been debated quite extensively. There are two different approaches to international marketing strategies presented. Researchers that support the global standardisation approach argue that a single marketing strategy and a standardised marketing mix should be used in international markets to minimize total costs and promote a global corporate image. On the other hand, researchers who support the marketing adaptation claim that the marketing mix should be fitted to the unique dimensions of each local market. (Papavassiliou, Stathakopoulos 1997, 504)

The debate about the globalization (also called as standardization) or localization (also called as adaptation) of the marketing strategy is of long duration. Vrontis (2003, 284) comments that this debate came under discussion already as early as 1961 with Elinder considering the idea of world wide advertising. Levitt (1983, 92-102), with whom the term "global standardisation" has become widely known, argued in 1983 that well managed companies had moved from emphasis on customising items to offering globally standardised products that are advanced, functional, reliable and low priced.

Greenwald and Kahn (2005, 1-11) argue in their article "All Strategy is Local" that in the end all the strategies that work the best are local. They claim that the word "strategic" is the most overused word in the business vocabulary and that it actually means "this is important". However, they present that global strategy requires the competitive arena to be "local" either in the literal geographic sense or in the sense of been limited to one product or a handful of related ones.

Evidently, the debate between these two approaches can go on for ever. However, there are also many possibilities suggested between those two extremes. It is possible to have a global marketing strategy and to localize some parts of that. There lies the ultimate question, that how much of the strategy can be adapted to local conditions and how

much must be globally standardized? Vrontis (2005, 87-110) gives his answer to this question by integrating adaptation and standardization in international marketing by introducing an "AdaptStand" modelling process. This "AdaptStand" model is a combination of strategy adaptation and strategy standardisation. In his model he suggests methods and ways in determining the right level of the integration of these two extremes. According to Bharadwaj, Szymanski & Varadarajan (1993, 1) the question concerning standardization and adaptation is about choosing the right degree of standardization or adaptation with respect to various competitive strategy variables such as advertising, sales promotion and pricing.

When the international marketing strategy has been decided, whether it is supporting global or local approach, it needs to be implemented. In the noteworthy statement "…great strategy, shame about the implementation…" Atkinson (2006, 1441) captures the essence of the problem that strategy implementation suffers from a general lack of academic attention. In addition to Atkinson also many others are concerned that, despite the importance of the strategic execution process, far more research has been carried out into strategy formulation rather than into strategy implementation. The strategic planning process only works when strategies are implemented. Formulating those strategies is difficult, but executing is much harder due to political and organizational obstacles, which stand in the way. (Atkinson 2006, 1441-1455; Gibbs Springer 2005, 9) Many strategies fail not because the formulation of the strategy was faulty, but because the strategy was not effectively implemented. (West, Ford & Ibrahim 2006, 400)

Until the late 1970s marketing executives in many firms had little involvement in corporate strategic planning if nothing. As firms began to implement strategic planning programs, their managements found out that many aspects of strategic analysis involve marketing strategy. In today's complex and highly competitive business environment, it is important to guide the mission, objectives, and strategies of a business on the basis of the needs and wants of the marketplace. (Cravens 1987, 5)

## 1.2 Purpose of the study and research problem

The aim of this Master's Thesis is to develop the marketing communication mix in the business unit level in a multinational company and to find out how the implementation of business unit strategy has succeeded. To be able to reach the goal of this study, it was obvious to use a case study as a research method. For a case company a multinational company, Rautaruukki Corporation was selected. Rautaruukki Corporation's business unit, Infrastructure Construction, was pointed as a case organization, where the development of marketing communications will be conducted.

This study is relevant for the company because the business unit, Infrastructure Construction, is now in the situation where its business is growing fast and it is time to review how the implementation of the strategy with the help of marketing communication mix has succeeded locally and there is a need for development of marketing communications. A research problem was formulated to guide the study and it is presented below.

Research Problem:
1. How the case organization's marketing communication mix could be developed so that it better supports its business strategy implementation?

The research problem is divided into more detailed sub questions:
1. Should the case organization's communication mix be globalized or localized?
2. What are the existing marketing tools and methods and what are they going to be in the future?
3. How the strategy implementation of business unit strategy has succeeded and is there a need for corrective actions?

The purpose of this study is not to give ultimate answers, but to describe the current situation in the case organization and to develop marketing communication mix. The research problem was further divided into three sub questions that are helping to find the answer to the research problem. This research will get an international point of view because, first of all Rautaruukki Corporation is a multinational corporation and this

study will be conducted in case organization's five different market areas, which are: Finland, Sweden, Norway, Baltic Countries area and Poland. The international aspect of the study requires deliberating the question that should case organization globalize or localize its marketing communications mix. Finding an answer to this question will be helpful in developing the marketing communication mix for the case organization. To be able to reach the goal of the study it is important to understand corporate strategies in different levels and how those strategies have been changed since the new strategy was launched in 2004. Since the case organization operates mainly in business-to-business markets, also this study focuses on marketing strategy implementation in business-to-business environment.

# 2 THEORETICAL FRAMEWORK OF THE STUDY

The purpose of this second chapter is to build up the theoretical framework of the study and create a basis for the empirical part of the study. The research question: "How the case organization's marketing communication mix could be developed so that it better supports case company's business strategy implementation?" was held as a starting point for the theoretical framework. Because the research question focuses on case organisations strategy implementation, first the concepts of strategy and strategy process will be reviewed. Because of the marketing perspective in the work it is essential to review the concepts of marketing strategy and marketing strategy process. Then study concentrates on the implementation of the strategy by using a marketing communication mix as an implementation tool and developing effective communications.

## 2.1 What is strategy?

To be able to understand the nature and challenges of strategy implementation it is important to review the concepts of strategy and strategy process. Because of the international aspect of the work, this study focuses on the challenges of implementing and developing international strategy and points out the debate between global and local strategies. Clearly, operating in an international rather than a domestic arena gives many new opportunities. Having worldwide operations not only gives a company access to

new markets, it also opens up new sources of information and knowledge to stimulate future product development and broadens the options of strategic moves the company might make in competing with its domestic and international rivals. However, with all these new opportunities come the challenges of managing strategy, organization and operations that are clearly more complex, diverse and uncertain. (Mintzberg, Lampel, Quinn & Ghoshal 2003, 10)

### 2.1.1 The concept of strategy

It is not easy to understand the concept of strategy, because there is no single, universally accepted definition of it. Many authors and managers use the term differently; for example some include goals and objectives as part of the strategy whereas others make firm distinctions between them. James Brian Quinn defines strategy as follows: "A strategy is the pattern or a plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole. A well-formulated strategy helps to marshal and allocate an organization's resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents." (Mintzberg, Lampel, Quinn & Ghoshal 2003, 10)

Often strategy is referred as a plan, but this definition is not complete enough. Mintzberg defines strategy with the help of five Ps for strategy in his book Strategy Safari. He explains that strategy can be a plan, pattern, position, perspective and/or a ploy. (Mintzberg, Ahstrand & Lampel 1998) Anyhow, often strategy is understood as consciously choosing the right goals and targets, which will help the company to control its surroundings. (Porter 1996, 61-78; Kamensky 2004, 20-21,) In addition, almost in all the definitions of the strategy you can hear that strategy is a future focused plan to create competitive advantage. (De Wit & Meuer 2004, 8; Mintzberg, Lampel, Quinn & Ghoshal 2003, 142; Kamensky 2004, 24)

According to Porter (1996, 62) strategy combines of the actions, in which organization chooses to stand above the others. Strategy is also seen as a hypothesis which explains how the organization is going to move from its current position to the wanted, insecure future position. (Kaplan and Norton 2002, 84) According to Hooley and Saunders

(1993, 24); "Strategy is concerned primarily with effectiveness (doing the right things) rather than with efficiency (doing what you do, well)."

Strategies are needed to be able to reach the future focused targets and position. In the literature there was many different ways presented how to be able to reach the future focused targets. For example, Kamensky (2004, 29) presents three steps for successful strategy. To be successful, company has to be able to create successful strategy, implement it well and to be able to change and renew its strategy. However, formulating of a good strategy is not enough to be successful in the business; it also has to be implemented well.

## 2.1.2 Strategy process

As the strategy implementation is part of the strategy process, it is necessary to review the whole strategy process to be able to understand the implementation phase. Strategy process has also been studied in various ways and described in many different ways. "The manner in which strategies come about is referred to as the strategy process." (De Wit & Meyer 2004, 5) De Wit and Meyer continue by explaining that strategy process is about answering questions how, who and when. In other words, the strategy process is about how the strategy is made, analyzed, formulated, implemented, controlled and changed.

Researchers have developed many different strategy processes with different amount of steps. I will present here one of those strategy processes, to show what kind of different phases strategy process requires.

Gathering and analysing strategic information → Defining strategy → Planning of strategic projects → Strategy implementation → Evaluation, control and corrective actions
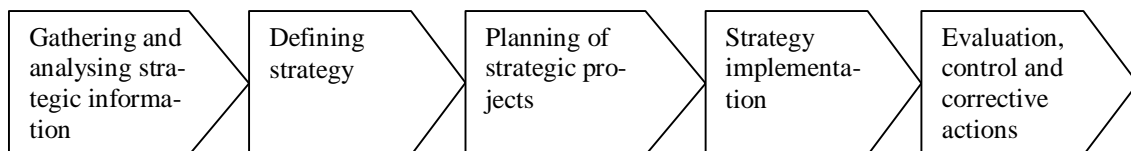
Figure 1 Five phases of the strategy process (Lindroos & Lohivesi 2004, 31)

Formulating of strategy requires five phases (Figure 1). In the first phase strategic information from the environment is gathered and analyzed so that the company will

know in what kind of environment it is planning its strategy. After analysis, decisions about the targets have to be defined. Company defines its vision and finally also the strategy. Before going into implementation phase the ways of how to reach the targets will be defined. In the implementation phase the strategy is carried out as planned. Finally the strategy will be evaluated and renewed if needed. (Lindroos & Lohivesi 2004, 31-51)

De Wit and Meuer (2004, 6-7) also present one strategy process which has five phases, but their strategy process differs from the most of the processes, which are often portrayed as a linear progression through a number of different steps. De Wit and Meyer see the strategy process as a circle, because of the constant continuing of the process. They present a strategy process as a learning process. Five stages in their strategy process are: 1. Financial plans 2. Forecasting the future 3. Thinking strategically 4. Acting strategically and 5. Planning strategically, which includes strategy formulation and implementation. (De Witt & Meyer 2004, 570)

According to Andrews (1987, 13; 18-20), corporate strategy is the pattern of decisions in a company as well as it is a process. He finds two important phases in the process. The first part of the process is the formulation of the strategy, which means that the company decides what they want to do. The second part is to achieve the goals by implementing the strategy. The implementation of strategy is comprised of a series of sub activities which are primarily administrative. If purpose is determined, then the resources of a company can be mobilized to accomplish it.

### 2.1.3 Global versus local strategy

What motivates companies to expand their operations internationally? According to Theodore Levitt (1983, 92-102), who triggered the debate about whether to globalize or localize the strategy with his Harward Business Review article in 1983 "The Globalization of Markets", technological, social and economic developments over the last two decades have combined to unified world marketplace in which companies must capture global-scale economies to remain competitive.

The phenomenon described by Levitt of globalization in certain industries was not a sudden development. The three principal economic forces that led to this globalization process were: economies of scale, economies of scope and factor costs. According to Barlett and Ghoshal (1995, 113-114), the industrial revolution created pressure for bigger plants that could enable the economies of scale. In many industries to be able to reach at scale economy volume in production, it was necessary to become international, because the domestic demand was simply not high enough. Opportunities in economies of scope came with the worldwide communication and transportation networks providing cheap, reliable links throughout and between nations. With changes in technology and markets came the requirement for access to new resources at the lowest possible costs.

According to Barlett and Ghoshal (1989, 99; 1995, 121) particularly in the late 1950s and early 1960s it was fashionable to develop a better understanding of the customer and adopt more flexible approach to foreign markets. Many companies modified their products, strategies, and even their management practices country by country. Need for responsiveness was the force for local differentiation. Nowadays there is no doubt that the increasing worldwide travel and the ease with the communication across the globe have lately helped the globalization, but still the tastes, habits and preferences are far from homogeneous.

In 1970s the argument was defined as "standardization vs. adaptation". In 1980s the argument was "globalization vs. localization" and in 1990s it was "global integration vs. local responsiveness". All of these arguments are about the same thing, whether the global homogenization of the markets, which allows global standardization of the marketing mix, or local adaptation of the marketing mix. (Cateora & Graham 2005, 315)

Once a company decides to go international, one of the most important strategic decisions to be made is to what extent a global marketing strategy in the foreign markets must be followed. A globally standardized marketing strategy can be defined as a strategy that is implemented in different countries, using the same concept, setting, theme, appeal and message. A local approach implies that elements of the communications strategy are adapted to local circumstances. The standardization or globalization of the marketing mix has a number of advantages, the most important one being economies of

scope. But often international marketers have to adapt or localize their marketing mix to a different foreign environment. (Kotler 1997, 413-418; De Pelsmacker, Geuens & Bergh 2001, 481-487)

*Pros of globalization*

In general, it seems reasonable to state that the more the economic conditions and the legal conditions are similar, the more relevant a global marketing approach is. Since only one campaign instead of several needs to be developed and pursued, savings can be made on the campaigns production costs, as well as personnel. Global campaigns offer the advantage of globally exploiting a great creative idea. Other advantages are that global campaigns make things simpler for the company in the sense that coordination and control of the communications programme in the different countries become easier. (De Pelsmacker, Geuens & Bergh 2001, 484) Global diversity in marketing talents leads to new approaches across markets. Transfer of experience and know-how across countries through improved coordination and integration of marketing activities can also be seen as a huge benefit of globalization. (Cateora & Graham 2005, 318-319)

*Pros of localization*

Other researchers defend local approach, because people are living in different cultures and having different experiences. It may be hard or even impossible to create for example advertising that is understood in similar ways in different countries. The more distant the cultures are the more difficult this will be. Another argument in favor to local approach is that the local managers are more motivated, if they can add creativity of the communications programme rather than just to run a programme set up by headquarters. Although, such a customized approach often results in higher costs, marketers hope that these costs will be offset by greater returns and a larger market share. (De Pelsmacker, Geuens & Bergh 2001, 485; Mueller 1996, 24; 149-150) Consumer goods generally require product adaptation because of the cultural differences and different economic situations in different markets, when again adaptation needs in industrial sector may exist, but not as much as in consumer sector. (Czinkota & Ronkainen 1990, 269)

*Think global act local*

According to Kanso (1992, 13), probably the best way to approach international markets is not to focus to one of the extreme strategies of globalization or localization, but to think global and act local. The idea would be to have a global brand and global idea, but to adapt them into the local differences. Companies are increasingly faced with the challenge of marketing their products internationally. In that case they are often faced with different cultures and habits. Companies have to find ways to combine global strategies with local adaptations of strategy to comply with differences in culture, media and legislation between their foreign markets. (Kanso 1992, 10-14)

## 2.2 Marketing strategy

Marketing has become an important approach of doing business. Nowadays most organizations have become 'market-focused', 'customer-led' or 'market-led'. Cravens links marketing closely to strategic planning of corporation. He introduces the relationship between the corporate and business unit strategic planning with marketing. Cravens claims that marketing chief executive's strategic planning responsibility has to include participating in corporate strategy formulation and developing business unit marketing strategies according to corporate priorities. (Cravens 1987, 11-13) Peter F. Drucker (1974, 63) describes this role of marketing in business already in 1974 as follows: "Marketing is so basic that it cannot be considered as a separate function within the business, on a part with others such as manufacturing or personnel. Marketing requires separate work, and a distinct group of activities. But it is, first a central dimension of the entire business. It is the whole business seen from the point of view of its final result, that is, from the customer's point of view."

Marketing has been defined in various ways. "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others." (Kotler 1997, 9) The American Marketing Association offers the following formal definition: "Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders." (Kotler & Keller 2006, 6) Cravens defines

marketing concept in 1987 as a marketing customer-oriented philosophy that is implemented and integrated throughout an organization to serve customers better than competitors and achieve specified goals. (Cravens, Hills & Woodruff 1987, 4) According to Hooley and Saunders (1993, 5) in increasingly dynamic and competitive markets, the companies or organizations that are most likely to succeed are those that take notice of customer expectations, wants and needs and satisfy the customer needs better than their competitors.

Kotler defines marketing strategy as a logic by which the business unit hopes to achieve its marketing objectives. (Kotler & Armstrong 2004, 59) Cravens introduces the close relationship between marketing strategy and business strategy. He explains that the corporate strategy consists of deciding on the scope and the purpose of the business, its objectives, and the initiatives and necessary resources to achieve the objectives. Marketing strategy is guided by the decisions top management makes about how, when and where to compete. Because of this close relationship, it is important to examine the major aspects of designing and implementing business strategy. (Cravens & Piercy 2003, 31)

The marketing strategy is the program with which the company produces value to its customers, owners and other stakeholders guided with corporate strategic and operational goals. Difference between strategic marketing and marketing strategy is clear. Strategic marketing includes the strategic planning and the marketing strategy is operative process, which implements the vision of strategic marketing in practice. (Tikkanen, Aspara & Parvinen 2007, 57)

## 2.2.1 International marketing

Because of the case organizations international focus it is important to concentrate on international marketing in this study. The goals of international marketing are basically the same than in domestic marketing, but in international marketing the marketing activities take place in more than one country. This apparently a minor difference accounts for the complexity and diversity found in international marketing operations. The difference is not seen in with different marketing concepts but with the different environment where marketing plans must be implemented. (Cateora & Graham 2005, 10)

There are a number of uncontrollable elements such as competition, legal restraints, government controls, customer needs and wants and cultural differences that affect on marketing plans. Generally speaking marketer can not influence or control these elements, but instead must adjust or adapt to them. Even though marketing principles and concepts are universally applicable, the environment within which marketer must implement marketing plans can change dramatically from country to country or region to region. The difficulties created by different environment are the international marketer's primary concern. (Cateora & Graham 2005, 10)  In international marketing there are different levels of international marketing involvement. The company can be domestic focused and have some business operations abroad or a multinational company which is operating in various different countries. (Cateora & Graham 2005, 20-23)

### 2.2.2 Business-to-business marketing

Although most of marketing literature is focusing to business-to-consumer marketing, in fact the majority of the marketing activities take place between companies. The focus of this study is also in business-to-business marketing. According to Cateora there are more similarities in marketing industrial products across country markets than differences. The issue of global markets, whether they exist or not, have greater relevance in consumer goods. The nature of industrial goods and the similarities in motives among industrial goods customers creates a market where product and marketing mix standardization is more commonplace than in consumer goods. (Cateora 1990, 430)

However, there are a number of differences between communications in a consumer environment and in a business environment. First of all, products, customers and markets are different and business-to-business marketing is generally much more global. Buyer decision making process is also usually more complex. (De Pelsmacker, Geuens & Bergh 2001, 445; Kotler 1997, 204-210)

Anyhow, business-to-business marketing can be defined as all the activities that are related to marketing products to organizations in order to resell the products or to use them in the production of consumer or industrial products, or to facilitate the activities of the company. (De Pelsmacker, Geuens & Bergh 2001, 445) In business markets there are fewer sellers and buyers than in consumer markets, which means that business mar-

keters should know their customers. Business marketers meet their customers often face-to-face because of the product complexity and higher risks concerning the larger deals. Face-to-face contacts imply, that they know their customers needs and wants very well. In business-to-business markets customer relationships tend to become relative long and the key customers have to be taken care of in special ways. Often the company sells directly to the customers by its own sales force or sales agents. (De Pelsmacker, Geuens & Bergh 2001, 446-449)

Business buying behavior depends on a number of factors that differ from consumer buying behavior. Purchase motives in business buying process tend to be more rational, economic, objective and profit- or efficiency-oriented. Purchase risks are very high in general. Two most important consumer marketing communication instruments, advertising and sales promotion are relatively unimportant tools in business communications. According to De Pelsmacker, Geuens & Bergh (2001, 449-453) personal selling is by far the most important tool of the communication instruments, together with the technical documentation that the salesperson brings along.
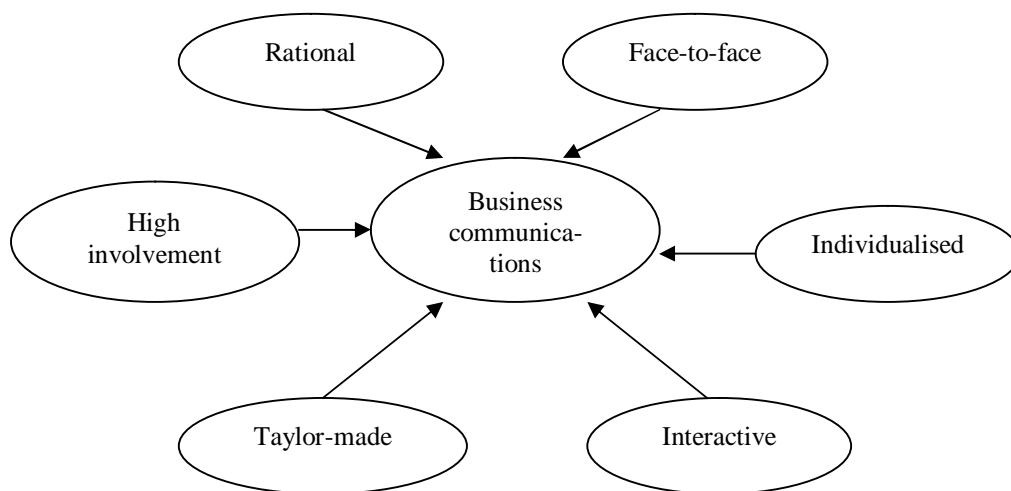
Figure 2 Distinctive characteristics of business communications (De Pelsmacker, Geuens & Bergh 2001, 453)

*Distinctive characteristics of business communications*

Figure 2, summarizes the characteristics of business communications. As already discussed before, personal communication tools and sales force play a very important role

in business-to-business marketing. Business communications is often personalized because of the personal conversations but it can be also individualized. Direct mailings, events and seminars and certainly personal selling provide the opportunity to communicate directly with individual customers and prospects. Business communications are also interactive. Interactivity means that when customers are approached individually they can also respond to the communications. Furthermore, communications in business environment are in general much more tailor-made than in consumer markets. Finally, the business products are usually technically complex and lead to high involvement of decision making processes. The consequence from the long decision making process is that marketing communications will be more rational and more objective-oriented than in consumer markets. (De Pelsmacker, Geuens & Bergh 2001, 452-454)

*International B-to-B marketing*

The issues of standardization versus adaptation have less relevance in marketing industrial goods than consumer goods, because there are more similarities in marketing products and services to businesses across countries than there are differences. The inherent nature of industrial products and the sameness in motives and behavior among business customers create a market where product and marketing mix standardization are common. For industrial products that are custom made (specialized steel, customized machine tools, and so on), adaptation takes place for domestic as well as foreign markets. (Cateora & Graham 2005, 374)

There are many reasons why consumer products are marketed internationally - exposure to more demanding customers, keeping up with the competition, extending product life cycles, growing sales and profits and so on. For firms producing industrial products and services there is an additional crucial reason for going abroad: dampening the natural volatility of industrial markets. Perhaps, the most important difference between industrial and consumer marketing is the huge cyclical swings in demand in industrial markets. (Cateora & Graham 2005, 375-376)

### 2.2.3 Marketing strategy process

Marketing strategy process does not differ that much from the business strategy process described before. The essence of developing a marketing strategy for a company is to

ensure that company's capabilities are matched to the competitive market environment in which it operates today and in the future. (Hooley & Saunders 1993, 24) Marketing strategy process has been described in many different ways. In Kotler's marketing strategy process (Figure 3), there is four stages; analysis, planning, implementation and control. Managing the marketing strategy process starts by analyzing the company's situation in the markets. In the second stage, trough strategic planning, the company decides what it wants to do to achieve its goals and makes a detailed marketing plan. Marketing implementation is the process that turns marketing plans into marketing actions in order to accomplish strategic marketing objectives. In the final stage the results are measured and evaluated, and corrective actions are taken if needed. (Kotler & Armstrong 2004, 59-62)
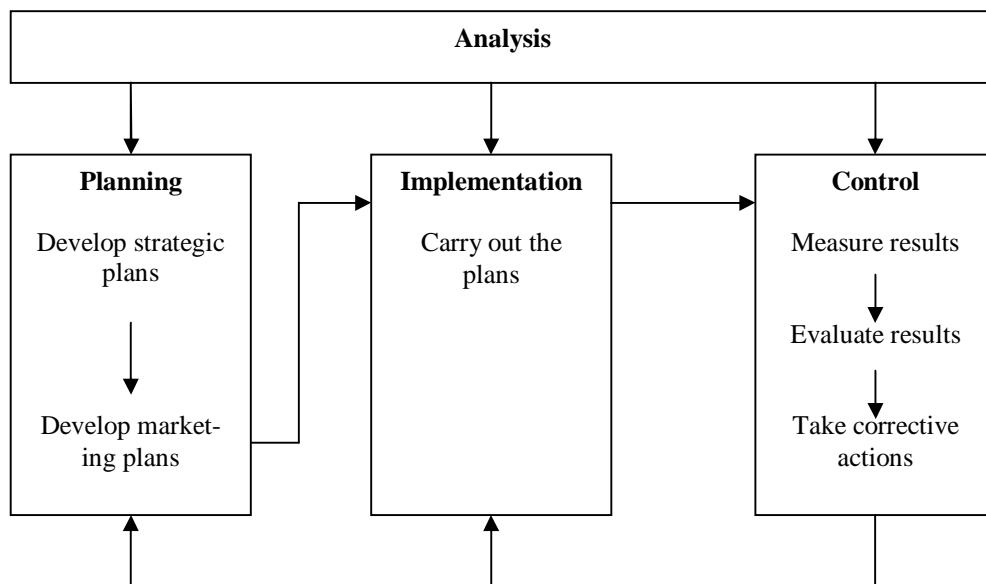


Figure 3 Marketing strategy process (Kotler & Armstrong 2004, 59)

According to Hooley and Saunders (1993, 24-25) the development of marketing strategy can be seen in three main levels: the establishment of core strategy, the creation of the company's competitive positioning and the implementation of the strategy. Also Cravens introduces three important stages in strategy process; planning, implementation and taking corrective actions. (Cravens 1987, 591-592)

## 2.2.4 Strategy implementation

When the strategy has been decided it is time to implement it. Implementation means executing an activity, or putting plan into action. (Kotler & Armstrong 2004, 59) According to many authors, implementation is the critical part of the strategy process, because great strategies also fail if they are badly implemented. "Implementation, a critical part of marketing strategy, ultimately determines the success of the strategic plan." (Cravens 1987, 601) "Planning good strategies is only a start towards successful marketing. A brilliant marketing strategy counts for little if the company fails to implement it properly." (Kotler & Armstrong 2004, 59)

Most organizations and management teams today, spend a lot of time and effort on the formulation of strategy, but the downfall occurs when this strategy is poorly implemented. Implementation is the "doing" of strategy, the putting into action of that carefully considered and creative plan. (West, Ford & Ibrahim 2006, 400) Strategy formulation is seen as the development of long-range plans for the effective management of environmental opportunities and threats while taking into account the organization's strengths and weaknesses. Implementation means executing an activity, or putting plan into action. (Cespedes & Piercy 1996, 135-138; 152)

Michael Beer & Eisenstat (2000, 29-40) present six silent killers of the strategy implementation in his article "The silent killers of strategy implementation and learning", which are: top-down senior management style, unclear strategy and conflicting priorities, an ineffective senior management team, poor vertical communication, poor coordination across functions, businesses or borders and inadequate down-the-line leadership skills and development. Their suggestion for overcoming these barriers are: a leadership style that embraces the paradox of top-down direction and upward influence, clear strategy and priorities, open and vertical communication, effective coordination and down-the-line leadership.

According to Barnett and Wilsted (1988, 174-204), "Implementation depends upon the skills of working through others, instituting internal change and guiding activities. Implementing strategy poses the tougher management challenge". Also, Kaplan and Norton (2002, 301) agree that most companies confront big problems in implementing

strategies. According to their study bad results in implementing are not only because of CEO's bad management skills, but the forces that influence the whole company prevent the implementation of the strategy.

White (2004, 618-619) introduces five Cs as the basic requirements to achieve the objectives of the strategy. The key to a successful strategy implementation according to White is coordination, communication, command, control and solving conflicts. In order to succeed in the implementation of the corporate marketing strategy it is also important to know what the company is doing at the moment, where they want to be and how they will get there. (West, Ford & Ibrahim 2006, 18) Cravens (1987, 602-612) introduces an organizational approach for implementing strategies. He states that the effectiveness of the strategy implementation begins from the effectiveness of the marketing organization. Before strategy implementation the organization needs to be organised in a way that it supports the strategy implementation.

The selection of a marketing strategy and an organizational design moves the planning process to preparation of the actual plan and its supporting sales forecast and budget. However, before implementing the strategy, more detailed plans have to be made, for example annual marketing plan. The annual marketing plan should include details of the actions, deadlines, responsibilities and budget. (Cravens 1987, 612-615)

Kotler and Armstrong (2004, 59) have defined marketing strategy implementation as follows: "Marketing strategy implementation is the process that turns marketing plans into marketing actions in order to accomplish strategic marketing objectives". Implementation involves day-to-day activities that effectively put the marketing plan to work. Successful marketing implementation depends on how well the company blends its people, organizational structure, decision and reward systems, and company culture into a cohesive action program that supports its strategies. At all levels the company must be employed by people who have the needed skills, motivation, and personal characteristics. The company's formal organization structure plays an important role in implementing strategy; so do its decision and reward systems. For example if the company's compensation system rewards managers for short run profit results, they will have little incentive to work toward long run market-building objectives. To be successfully implemented, the firm's marketing strategies must fit with its company culture, the system of

values and beliefs shared by people in the organization. (Kotler & Armstrong 2004, 59-61)

## 2.3 Developing effective communications

Planning is a systemized way of relating to the future. It is an attempt to manage the effects of external, uncontrollable factors on the firm's strengths, weaknesses, objectives and goals to attain the desired end. There is also, a slight difference between planning for a domestic company and for an international company. The operating environment of a multinational corporation, its organizational structure and a task of controlling a multi-country operations, creates differences in the complexity and process of international planning. (Cateora & Graham 2005, 320) According to many authors developing effective communications includes the next distinct elements: identifying the target audience, determining the objectives, designing the communications, selecting the channels and establishing the budget. Then the marketing communication mix is decided, implemented and measured.

### 2.3.1 Identify the target audience and determine the communications objectives

The process of developing effective communications must start with a clear target audience in mind: potential buyers, current customers, partners or deciders. The target audience has a critical influence on the communicator's decisions on what to say, how to say it, when to say it, where to say it, and whom to say it. (Kotler & Keller 2006, 542) In international marketing target audiences are even more heterogeneous than in domestic markets and that is why it is important to find the similarities among multi market target audience. (Czinkota & Ronkainen 1990, 603)

Determining communications objectives means, that organization has to decide the most important goals that it wants to achieve. Evaluation of a company's objectives is crucial in all stages of planning international marketing. Defining objectives clarifies the orientation of the domestic and international operations. Foreign market opportunities are not always in parallel with domestic ones. There might be a need to change objectives for different markets, because one market may offer immediate profits, when again there

are poor long-term results expected, while another may offer the reverse. (Cateora and Graham 2005, 321)

## 2.3.2 Design the communications and select the communication channels

According to Kotler & Keller (2006, 544) formulating the communications to achieve the desired response will require solving three problems: what to say (message strategy), how to say it (creative strategy) and who should say it (message source).

In determining *message strategy* the idea is to invent appeals, themes, or ideas that will tie into brand positioning and or the message can be related directly to product or service performance (the quality, economy or value of the brand). It is widely believed that industrial buyers are most responsive to performance messages, because they are knowledgeable about the product. According to Kotler and Keller (2006, 544) communications effectiveness depends on how a message is being expressed as well as the content of the message itself. *Creative strategies* are how marketers translate their messages into a specific communication. Creative strategies can be classified as involving either "informational" or "transformational" appeals. An informational appeal elaborates on product or service attributes or benefits. Informational appeals assume very rational processing of the communication in target audience. The message is more believable if a credible source will say it. *Message sources* are some kind of respected spokespersons that promote the company and its products.

Selecting efficient *communication channels* to deliver the message, is important to get the message through to the target audience. Communication channels may be personal and non-personal. Personal communication channels involve one or more persons communicating directly face-to-face, person-to-audience, over the telephone, or through e-mail. Personal communication channels derive their effectiveness through individualized presentation and feedback. Personal influence carries especially great weight in situations where products are risky, expensive and complex. Nonpersonal communication channels are generally the mass marketing channels such as advertising and web. Nonpersonal communication channels are commonly used to promote the corporate image and the awareness of the brand. (Kotler & Keller 2006, 548)

### 2.3.3 Establish the total marketing communications budget

One of the most difficult marketing decisions is determining how much to spend on promotion. An organization's financial resources need to be budgeted to specific promotion elements in order to accomplish the communications objectives. But, it is not easy to decide the sum of the promotion budget. Many authors introduce three common methods that will help in deciding the promotion budget; the affordable method, percentage-of-sales method, and objective-and-task method.

*Affordable method* means that company sets the promotion budget what they think that company can afford on promotion. This leads to an uncertain annual budget, which makes long-range planning difficult. *Percentage-of-sales* method means that promotion expenditures can be set as a specified percentage of sales (either current or anticipated) or of the sales price. This method is generally more satisfying, because it encourages managers to think of the relationship among promotion price, selling price and profit. Despite of the advantages described above this method also has disadvantages. It views sales as the determiner of promotion rather than as the result. It leads to a budget set by the availability of funds rather than by market opportunities. It discourages experimentation with countercyclical promotion or aggressive spending. (Kotler & Keller 2006, 554)

*Objective-and-task method* calls marketers to develop promotion budgets by defining the specific objectives, determining the tasks that must be performed to achieve these objectives, and estimating the costs of performing these tasks. The sum of these costs is the proposed promotion budget. The main idea of the method is to set the objectives and achieving them as planned. The objective-and-task method has the advantage of requiring management to spell out its assumptions among money spent, exposure levels and achieving the goals. The major question is how much weight marketing communications should receive in relation to alternatives such as product improvement, lower prices, or better service. (Kotler & Keller 2006, 554)

**2.3.4 Marketing communication mix as a tool in implementing business unit strategy**

Once the company has decided its marketing strategy, it is ready to begin planning the details of the marketing mix. "The marketing mix is the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market." (Kotler & Armstrong 2004, 56) Marketing mix of products, price, promotion and distribution is the means by which the company translates its strategy into market place. Each of the elements of the mix should be designed so that it supports the strategy. Because of that it is evident that decisions on elements of the mix, such as pricing or advertising campaigns, cannot be designed in isolation from the corporate strategy. (Hooley & Saunders 1993, 41)

Some critics feel that the four Ps of the marketing mix (product, price, place, promotion) may underemphasize certain important issues, because the four Ps takes the seller's view of the market, not the buyer's. From buyer's viewpoint, the four Ps might be better to describe as four Cs; Customer solution, Customer cost, Convenience and Communication. When marketers see themselves as selling products, customers see themselves as buying value or solutions to their problems. Customers are interested in more than just the price; they are interested in the total costs of obtaining, using, and disposing the product. Customers want the products and services as convenient as possible as well as they want two-way communication. (Kotler & Armstrong 2004, 58; De Pelsmacker, Geuens & Bergh 2001, 2-8)

*Marketing communications*

Promotion or marketing communications are the most visible instruments of the marketing mix. They involve all instruments by means of which the company communicates with its target groups and stakeholders to promote its products or the company as a whole. (De Pelsmacker, Geuens & Bergh 2001, 3) Marketing communications are the means by which firms attempt to inform, persuade and remind customers directly or indirectly about the products and brands that they sell. In a sense marketing communications represents the "voice" of the brand. (Kotler & Keller 2006, 554-555)

*Marketing communications mix*

A company's total marketing communications mix - also called its promotion mix - consists of the specific blend of advertising, sales promotion, public relations, personal selling, and direct marketing tools that the company uses to pursue its marketing objectives. (Kotler & Armstrong 2004, 467)

*Advertising*

"Advertising is any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor." (Kotler & Armstrong 2004, 467) The role of advertising differs from one market to another. In some countries advertising plays a bigger role than in others. Advertising, as well as the other elements of the marketing mix, can be standardized, which means that the same advertising theme is employed for each foreign market. (Mueller 1996, 55; 139)

There are many advantages in standardizing advertising. First of all coordination and control of advertising campaigns is easier and foreign campaigns can be implemented faster. Secondly, standardized advertising leads to cost savings, when fewer marketers are needed in local level to develop advertising programs. Also, good ideas can be exploited. If a campaign works successfully in one market, there is no need to reinvent the wheel in other markets. Finally, a consistent international brand or a company image can be achieved through standardized advertising. A uniform company image reduces message confusions. However, advertising can also be specialized. In that case, the marketer adapts or specializes the message content for several countries and can in this way take into consideration the cultural differences. (Mueller 1996, 55-57; 139-140; 147)

*Sales promotion*

Sales promotion is short-term incentives to encourage the purchase or sale of a product or service. In consumer markets sales promotion tools are often coupons, samples and point-of-purchase displays. In business-to-business marketing sales promotion means mainly trade fairs and exhibitions. (Kotler & Armstrong 2004, 467; 513) When utilizing sales promotion tools in foreign markets, marketers must be aware of cultural differences, because the promotional incentives that have proven successful in home market

may not be as effective in foreign markets. That's why Mueller claims that promotional tools should be adapted to local conditions. (Mueller 1996, 58-59)

*Public relations*

Public relations means building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or preventing unfavorable rumors and stories. (Kotler & Armstrong 2004, 467) Public relations often play a more important role for a firm operating abroad than in domestic markets. Clearly, international marketers face fewer problems abroad if the company has a positive image in the country in which it operates. (Mueller 1996, 61)

*Personal selling*

Personal selling is personal presentation by the firm's sales force for the purpose of making sales and building customer relationships. (Kotler & Armstrong 2004, 467) Personal selling often plays a bigger role in foreign than in domestic markets. The marketer may choose to use a traveling sales force, but it tends to be quite expensive and often difficult to coordinate. Because of the personal communication and contact, personal selling demands national cultural characteristics. As a result, personal selling is mostly conducted on a national basis, which means that most companies prefer to use sales representatives from the host country. The challenge in utilizing an international sales force lies in efficient recruitment and training, as well as in adapting personal selling activities to fit the local market. (Mueller 1996, 57-58)

The uniqueness and complexity of industrial products and services naturally leads to personal selling. The industrial customer's needs in global markets are continuously changing and suppliers offering must therefore also continue to change. The objective of personal selling and relationship marketing is to make the relationship an important attribute of a transaction, because it transfers the focus from price to service and long-term benefits. The development of personal selling can be found from the recruitment, training and motivating of marketing and sales force. (Cateora & Graham 2005, 392; 502)

*Direct marketing*

Direct marketing is direct connections with carefully targeted individuals to both obtain an immediate response and cultivate lasting customer relationships - the use of telephone, mail, fax, e-mail, the internet, and other tools to communicate directly with specific individual. (Kotler & Armstrong 2004, 467; Mueller 1996, 55-63) Direct marketing is seen as much more personal than advertising, because it enables two-way communication. Currently, direct marketing is also currently the fastest growing element of the marketing communication mix. (Mueller 1996, 59-60)

*Integrated marketing communications*

Modern marketing calls for more than developing a good product, pricing it effectively and making it accessible to target markets. Companies have to communicate with their present and potential customers, and other stakeholders and other public at the same time. Today, there is a movement toward viewing communications as the management of the customer buying process over time, during preselling, selling and after sales. (Kotler & Armstrong 2004, 467-469; Kotler 1997, 604-632)

As defined by the American Association of Advertising Agencies, integrated marketing communications (IMC) is a concept of marketing communications planning that recognizes the added value of a comprehensive plan. Such a plan evaluates the strategic roles of a variety of communications disciplines - for example, general advertising, direct response, sales promotion and public relations - and combines these disciplines to provide clarity, consistency and maximum impact through the seamless integration of messages. (Kotler & Keller 2006, 558)

Two principles are important when designing and implementing a marketing communication mix, interaction and synergy. Marketing instruments have to be combined in such a way that the company's offering is consistently marketed. In other words, all marketing instruments have to work in the same direction. (De Pelsmacker, Geuens & Bergh 2001, 8) Integrated marketing communications have been defined in a number of ways, but putting it very generally; "it is a new way of looking at the whole, where once we saw only parts such as advertising, public relations, sales promotion, purchasing, employee communication, and to look at it the way the consumer sees it - as a flow of in-

formation from indistinguishable sources." (Schultz 1994, xvii ) The various definitions have the same idea that communications instruments that traditionally have been used independently or separately from each other are combined in such a way that a synergetic effect is reached and the resulting communications effort becomes homogeneous.

When target markets are selected it is time to evaluate the marketing communications mix and decide the elements that will be used. Companies are always seeking for ways to gain efficiency by replacing one communication tool with others. For example it is possible to replace some fields' sales activities with advertisements and direct marketing. However, each communication tool has its own unique characteristics and costs, companies have to decide what suits to their business. (Kotler & Keller 2006, 554-555)

Also, decision of how much to adapt the marketing communication mix to cultural and environmental issues has to be made. Cateora and Graham suggest that there should be found answers of three questions:

1. Are the identifiable market segments that allow for common marketing mix tactics across countries?
2. Which cultural/environmental adaptations are necessary for successful acceptance of marketing mix?
3. Are adaptation costs in line with profitable marketing?

(Cateora and Graham 2005, 324)

### 2.3.5 Evaluation and control

Marketing strategy must be responsive to changing conditions. After a strategy has been implemented strategic evaluation and control are essential to keep the strategy on target and to make adjustments for changing conditions. The strategy process does not end after the implementing phase. The evaluation phase can also be seen as the new start of the strategy process. (Kotler & Armstrong 2004, 62)

White (2004, 654-657) describes the last phase in the strategy process as monitoring in which strategic performance will be measured and evaluated in terms of strategy. The last phase in monitoring is to take corrective actions if needed. Monitoring does not fin-

ish the strategy process; it generates learning, which results in greater efficiency and effectiveness in strategy making.

According to Mintzberg, the products of a business strategy evaluation are answers to these questions: 1. Are the objectives of the business appropriate? 2. Are the major policies and plans appropriate? 3. Do the results obtained to date confirm or refute assumptions on which the strategy rests? By answering in these questions the strategy will be moved back to its right track again or corrective actions will take place. (Mintzberg, Lampel, Quinn & Ghoshal 2003, 80)

Strategy evaluation can take place as an abstract analytic task, also performed by consultants. Most often it is a part of an organization's strategy process. Evaluation is the appraisal of plans and the results of plans that concern or affect the corporate mission. In most firms comprehensive strategy evaluation is infrequent even though it should be a part of formal system or regular event. A good strategy does not need constant reformulation. It is a framework for continuing problem solving. (Mintzberg et al. 2003, 86-87)

Hooley and Saunders (1993, 41) present two different ways of performance monitoring: either on the basis of market performance or financial performance. Market performance measures such things like sales, market share, customer attitudes and loyalty, and the changes in these over time. Financial performance is measured through a monitoring of product contribution relative to the resources employed to achieve it.

"Marketing control is the process of measuring and evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are achieved." (Kotler & Armstrong 2004, 62) Evaluation and control of strategy implementation is crucial, because during the implementation can occur many surprises. According to Kotler the marketing control process involves four steps (Figure 4). Management first sets specific marketing goals. Then the performance is measured in the market place and the causes of differences between expected and actual performance are evaluated. Finally, corrective actions are taken to close the gaps between goals and actual performance. (Kotler & Armstrong 2004, 62)

| Set Goals | Measure performance | Evaluate performance | Take corrective action |
|---|---|---|---|
| What do we want to achieve? | What is happening? | Why is it happening? | What should we do about it? |
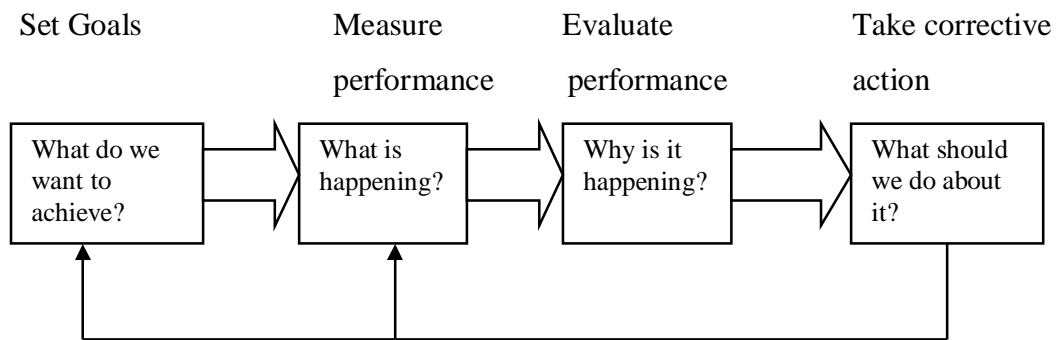
Figure 4 Control process (Kotler & Armstrong 2004, 62)

According to Kotler and Armstrong (2004, 62) control can be operative or strategic. *Operative control* involves checking ongoing performance against the annual plan and taking corrective actions when necessary. Its purpose is to ensure that the company achieves the sales, profits, and other goals set out in its annual plan. It also involves determining the profitability of different products, territories, markets and channels.

*Strategic control* then again involves looking at whether the company's basic strategies are well matched to its opportunities. Marketing strategies and programs can quickly become outdated, and each company should periodically reassess its overall approach to the marketplace. A major tool for such strategic control is *marketing audit*. The marketing audit is a comprehensive, systemic, independent, and periodic examination of a company's environment, objectives, strategies and activities to determine problem areas and opportunities. The marketing audit covers all major marketing areas of a business, not just a few trouble spots. It assesses the marketing environment, marketing strategy, marketing organization, marketing systems, marketing mix, marketing productivity and profitability. The audit is normally conducted by an objective and experienced outside party. (Kotler & Armstrong 2004, 62)

## 2.3.6 Managing the integrated marketing communications process

The last but not least stage in developing the marketing communication mix is managing the integrated marketing communications process. The wide range of communication tools, messages and audiences makes it necessary for companies to move toward integrated marketing communications. Companies must adopt a "360-degree view" of customers to fully understand the all the different ways that communications can affect

customer behaviour. Personal and nonpersonal communication channels should be combined to achieve the maximum impact. (Kotler & Keller 2006, 558)

Large companies often employ several communication specialist to work with their brands and products and they often know very little of other products and brands in the company. Many global companies use also many different advertising agencies located in different countries and serving different divisions. This often leads to uncoordinated communications and image diffusion. The solution today could be to higher only one large ad agency to take care of the company's whole marketing communications resulting with integrated and more effective marketing communication with lower costs. Integrated marketing communications can produce stronger message consistency and greater sales impact. It forces management to think about all the different ways in which customer comes in contact with the company. Integrated marketing communications should improve the company's ability to reach the right customers with the right messages at the right time and in the right place. Integrated marketing communications is a way to look at the whole marketing process instead of concentrating on individual parts of it. (Kotler & Keller 2006, 560-561)

### 2.3.7 Analytical framework of the work

After studying international business and marketing strategies as well as strategy implementation and development of communications an analytical framework for the study can be formulated. Through the analytical framework of the study, research problem is being approached and it also creates the basis for the empirical part of the work (Figure 5). Analytical framework has been drawn up from the literature of the area. The analytical framework primarily directs the research process from defining the themes of the survey and the interviews all the way to the contents of the research reporting and its structure. As discussed before, the corporate strategy is the core strategy of the company and it guides all of the other actions. Also, the analytical framework rises from the corporate strategy. The division strategy, business unit strategy, as well as the marketing strategy are formulated from the corporate strategy.

Analytical framework also shows how globalization versus localization concerns of all the aspects of the work (Figure 5). The question about whether to globalize or localize

organization's strategies, concern the business and marketing strategy formulation, implementation and development. Figure also shows the link between corporate strategy and marketing strategy and presents that the marketing strategy is not a separate function but a part of all the strategies in different level.

| Global market | | |
|---|---|---|
| Marketing strategy | Corporate strategy | Marketing communication mix |
| | Division strategy | |
| | Business unit strategy | |
| Local market | | |
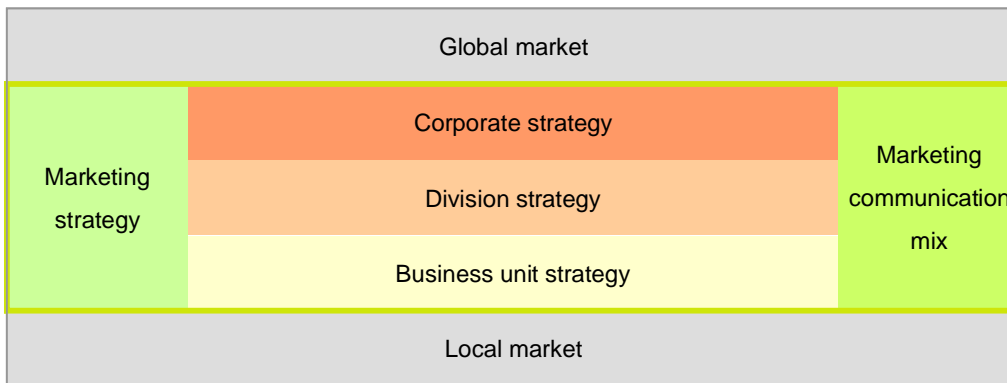
Figure 5 Analytical framework of the work

# 3 METHODOLOGY

## 3.1 Qualitative research and a case study

The approach of this study was decided to be qualitative from the beginning, because based on literature this kind of study of development of marketing communications in the implementation of international business unit strategy in particular organisation cannot be executed in other way. The qualitative research means, that the approach of the study is descriptive, and it does not try to find quantitative generalizations, but it does try to describe some phenomenon or incidence or to understand certain activity or to give a theoretically meaningful interpretation for some phenomenon. (Tuomi & Sarajärvi 2002, 87)

This study is a case study that tries to understand and to describe the role of marketing communication mix as a strategy implementation tool in business unit level. According to Yin (2003, 13-14) "case study is an empirical inquire that investigates a contemporary phenomenon within its real-life context, and relies on multiple sources of evidence,

and as another result, benefits from the prior development of theoretical propositions to guide data collection and analysis."

Daymon and Holloway (2002, 105) define a case study as follows: "A case study is an intensive examination, using multiple sources of evidence (which may be qualitative, quantitative or both), of a single entity which is bounded by time and place. The purpose of case study research is to increase knowledge about real, contemporary communications events in their context". Daymond and Holloway continue that strength of the case study is also its ability to produce multiple sources of evidence of the research object. According to them this evidence should reflect researcher's intimate knowledge about the case, allowing the researcher to build up multiple viewpoints and perspectives into the case.

Qualitative approach fits for this study, because qualitative methodology and case studies provide powerful tools for research in management and business subjects, including general management, leadership, marketing, organization, corporate strategy, accounting and more. Case study research is becoming increasingly accepted as a scientific tool in management research. Although both quantitative and qualitative methods are used for data collection in case studies the latter will normally predominate in the study of processes in which data collection, analysis, and action often take place concurrently. (Gummesson 2000, 1-3) Qualitative research holds great potential for the study of marketing communications because of its ability to enable researches to be closely involved with research participants. This helps researches to better understand social processes, the motivations of human beings, and the context in which they are situated. (Daymon & Holloway 2002, 12-14)

## 3.2 Research methods and data analysis

The empirical part of the study was decided to conduct in all of the market areas of the case organization, except in Russia and Western Europe. Russia was left out from the study because it is a new market area for the case organization and at the moment when the study was begun there was no contact person in the country in question. Also, Russian market differs greatly from the other areas. Western Europe was left out from the study because there are no large actions at the moment. All the other market areas,

Finland, Sweden, Norway, Baltic Countries and Poland, were included to the study to be able to get as extensive information as possible about the development needs of the marketing communications in the implementation of international business unit strategy.

Data of the study was gathered from the Sales and Business Area Managers of the Infrastructure Construction by using a survey and personal interviews as research methods. First, the questionnaires concerning case organization's marketing communications were sent to eight managers of the Infrastructure Construction and seven of them replied. The group of respondents consists of two Finnish Business Area Managers, two Swedish Business Area Managers, one Norwegian Business Area Manager, one Polish Sales Manager and one Estonian Sales Manager. The Senior Vice President of the business unit was also interviewed a couple of times to collect additional information.

The idea of the survey and the interviews were to find out the current situation in strategy implementation in business unit Infrastructure Construction, but also to find out if there is a need to develop the marketing communication mix further to support the business strategy better. One of the key goals was to make the managers to think about marketing as a part of the business strategy. The survey and interview themes emerge from the analytical framework of the work. With the help of the questionnaire and interviews were also studied the differences in product range, target groups and in marketing communication mix, between different market areas. The focus of the interviews and questions were on the future.

### 3.2.1 Survey

Quantitative survey was used to collect background information and to create the basis for personal interviews. According to Alasuutari (1999, 32), quantitative and qualitative approaches can be used in the same research - and often they are used in the same research. Moreover, qualitative and quantitative analysis can be thought as a continuum, not opposites or exclusive models. According to Yin (2003, 90), a survey can be designed as a part of case study and produce quantitative data as part of the case study evidence.

The respondents were asked questions concerning case organization's products, target groups and marketing. By asking the managers to fill the questionnaires it was expected to wake them to think about issues in question. The respondents answered the questions independently. The questionnaire (Appendix 1) had 7 pages and it was mostly consisted of different multiple choices. This kind of approach to questions was decided because, circling multiple choices is not as time consuming as answering to open questions. Also, in this way, it was possible to ask many more questions than by using open questions. The questions concerned about the current situation as well as the future expectations. In the questionnaire there were also open questions, so that managers could write their thoughts freely. After collecting the answers they were written down and tables and charts were made. With the help of the tables and charts answers were analyzed.

### 3.2.2 Interview

The most common way of gathering qualitative data is interviewing people. The idea of interview is simple - to find out what someone is thinking about something. (Eskola & Suoranta 1998, 86) According to Daymond and Holloway (2002, 167), key features of interviews are that they are flexible and allow researcher to understand the perspectives of interviewees.

In this study a thematic interview method was used. According to Daymon and Holloway (2002, 169) qualitative researches generally use the unstructured or semi-structured interviews because structured interviews tend to interrupt the flexibility that is so valued in qualitative research. Thematic interview is an interview where the themes or topics of the interview are decided in advance. This method varies from the structured interviews in a way that the questions don't have to be in the same particular form for all the interviewees and the order of the questions is not set in advance. Interviewer makes sure that all the themes of the interview will be discussed about, but the extent and the order of the discussion can vary. (Eskola & Suoranta 1998, 87)

Thematic interview fits for this study, because the themes of the interviews, which emerge from the analytical framework, were already presented for the interviewees in the questionnaire before. Through thematic interviews more specific information about

the issues in question were gathered (Appendix 2). Themes of the thematic interview were:

- The most important products at the moment and in the future in respondent's area of responsibility

- The most important target groups at the moment and in the future in respondents area of responsibility

- The objectives of marketing communications in respondent's area of responsibilities

- What kind of marketing communications mix has been used in the past in respondent's area of responsibility and how marketing communications could be developed to work more effective

The focus of the themes was in the future and discussing more deeply about the development of the marketing communications mix. The idea of the interviews were also to find out what are the differences in products, target groups and marketing communications mix between different market areas, but this was not exposed for the interviewees.

The purpose of the interviews was to discuss deeper about the issues asked in the survey. The interviews were seen as very important to be able to get more detailed information about business unit's strategy, goals, customers, products and marketing. Half of the interviews were conducted face-to-face and half of them by phone, because of no chance to meet face-to-face. All the interviews were recorded, so that it was easy to go back to some of the questions in any time later on to check something. All the interviews took about one and a half hours to two hours of time. The questions were sent to the interviewees earlier and interviews were conducted in a very freely way, so that interviewees were let to talk about what they saw very important even if it was not directly asked.

## 3.3 Research strategy

Strategy implementation was examined through the literature and empirical data. The starting point for the study was researcher's interest and prior knowledge of the subject and case organization's interests and objectives (Figure 6). From this starting point was continued to collect information about the topic from the relevant literature. Primary

data collection of the empirical part consisted of the information gathering about development needs of marketing communications in the implementation of international business unit strategy in the case organisation. After gathering the empirical data it was reflected to the literature and analyzed. Then, the evaluation of the Infrastructure Construction's current situation in implementing the international business unit strategy by using the marketing communication mix as an implementation tool was done and the needs for the corrective actions were examined. Finally, marketing communication mix development plan recommendation for Infrastructure Construction was done.

Data collection was started in the beginning of November 2006, but most of the work was done during summer and autumn 2007. The survey was executed in June 2007 and interviews were held between June 2007 - and August 2007. The literature review was started in the beginning of November, and new material was gathered throughout the whole process. Most of the writing was executed between June 2007 - and September 2007. The final corrections for the study were made in October and December 2007.
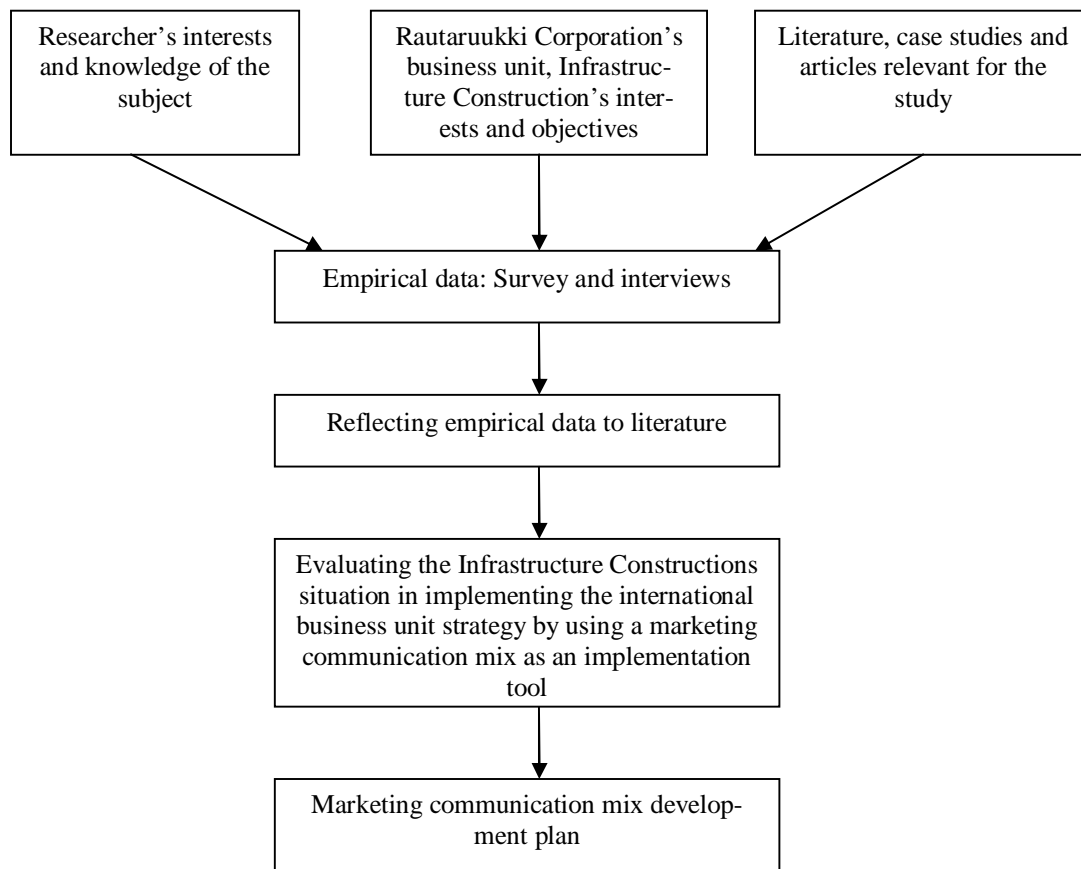


Figure 6 Research strategy

## 3.4 The quality of research

### 3.4.1 Reliability in qualitative research

Daymon and Holloway (2002, 90) define reliability in quantitative research as the extent to which a research instrument such as questionnaire, when used more than once, will reproduce the same results or answer. According to Gummesson (2000, 91), reliability means that two or more researchers studying the same phenomenon with similar purposes should reach the same results. However, in qualitative research, reliability is hard to achieve because researcher herself is the main research instrument, and that is why qualitative research can newer be wholly consistent and replicable.

How can we expect that all the data gathered is truthful? How to know, that interviewees are telling the truth or that the information that they have is correct? According to Alasuutari (1999, 96) for example by not telling the interviewees where the interviewer is aiming at by his or her questions, it can be assumed that answers are reliable. According to Eskola & Suoranta (1998, 142), research data can be considered in two different ways. Analysis can be carried out so that all the reports are considered to be truthful and with different procedures it is possible t o obtain information about "the ultimate truth". Then again, one can view data as a relative one and see it arranged as describing something what currently exists, according to some purpose.

In this study, the combination of the two perspectives described above, was chosen. Researcher's starting point here was that, there is no "ultimate truth" and it is not possible to find out an "ultimate truth" about marketing communication mix role in the case organization via interviews and surveys. However, researcher assumes that respondents are willing to give their own opinion about the issue and they have no reason to lie. That is however, respondent's subjective opinion about the issue in question and it does not have to be the right answer to the question. The aim of this study is not to find the ultimate truth, but to describe the current situation of case organization in implementing the business unit strategy by using a marketing communication mix as an implementation tool and to develop the marketing communication mix.

### 3.4.2 Validity in qualitative research

Validity in quantitative research is the extent to which researchers are able to use their method to study what they had sought to study rather than studying something else. (Gummesson 2000, 91) In qualitative research validity is the credibility of description, conclusion, explanation and interpretation. Yin (2003, 34) introduces three case study tactics for validity: construct validity, internal validity and external validity.

Generalization is usually considered to exist when the findings and conclusions of a research study can be applied to other, similar setting and populations. The term has its origin in quantitative research with its random statistical procedures. Generalization in qualitative research is not an easy task because of the central role of the researcher as a research instrument. There are no two researches that are the same. (Alasuutari 1999, 231-237; Daymon & Holloway 2002, 90-91) Relevance of the qualitative research means that any research study must be meaningful and useful for those who undertake it and who read it. (Daymon & Holloway 2002, 91)

### 3.4.3 Researchers role

The starting point of the qualitative research is researches open subjectivity and admitting the fact that researcher himself or herself is the central research instrument. In qualitative research the essential criteria for reliability is researcher herself. (Eskola & Suoranta 1998, 211-212)

According to Gummesson (2000, 30), researcher's access to research data is a key point of a research. He continues that access refers to the ability to get close to the object of study, to really be able to find out what is happening. In this study, the access to the object was found by survey and personal interviews. Gummesson (2000, 85) also introduces different roles of researcher. In this study researchers role was a researcher / employee. This means that researcher works as an employee of the company in question while conducting research. This kind approach helps the researcher to get an access to the object and access to all the necessary information. Also, I was already familiar with the company and the people.

# 4 DEVELOPING MARKETING COMMUNICATION MIX TO SUPPORT STRATEGY IMPLEMENTATION; CASE RUUKKI INFRASTRUCTURE CONSTRUCTION

## 4.1 Case company's strategies

In the beginning of this chapter case company's business and marketing strategies will be presented in three levels; corporate, division and business unit level. Strategies will be presented in different levels, because in the case company corporate strategy is the core strategy and it is specialized for divisions and business unit's different market needs. In this study it is important to understand the strategies to be able to study the strategy implementation through a marketing communications mix and to develop the marketing communication mix so that it better supports case organization's business strategy implementation.

### 4.1.1 Corporate strategy

Rautaruukki Corporation's strategic focus was clarified in 2004 when the company decided to become more than just a steel mill and move from being just a steel producer to solutions supplier. The target was to implement a customer and solutions oriented business model and build a single unified company. In 2004 the company also started to use the marketing name Ruukki and defined its vision to be the most desired solutions supplier in 2010 in specific segments on customer needs. Ruukki believes that by offering total solutions to its customers makes it leader in its field. The solutions, as Ruukki them defines, comprise the parts, components and systems that Ruukki delivers to its customers, but additionally solutions include design and installation. Ruukki sells solutions to its customer's problems and needs, not just products. (Rautaruukki Corporation, Annual Report 2005 and 2006; Ruukki's Brand Book 2004)

Strong growth in global economy, especially in Ruukki's core markets -The Nordic Countries, Baltic's and Eastern Europe, helped Ruukki to gain a good result in 2006. The net sales totalled EUR 3.7 billion and increased from the last year. Demand of steel

was good in Ruukki's core markets as well as in general. Increasing metal construction fuelled the growing demand for metal based components and integrated solutions. (Rautaruukki Corporation, Annual report 2006; Pinkham 2007, 22-26)
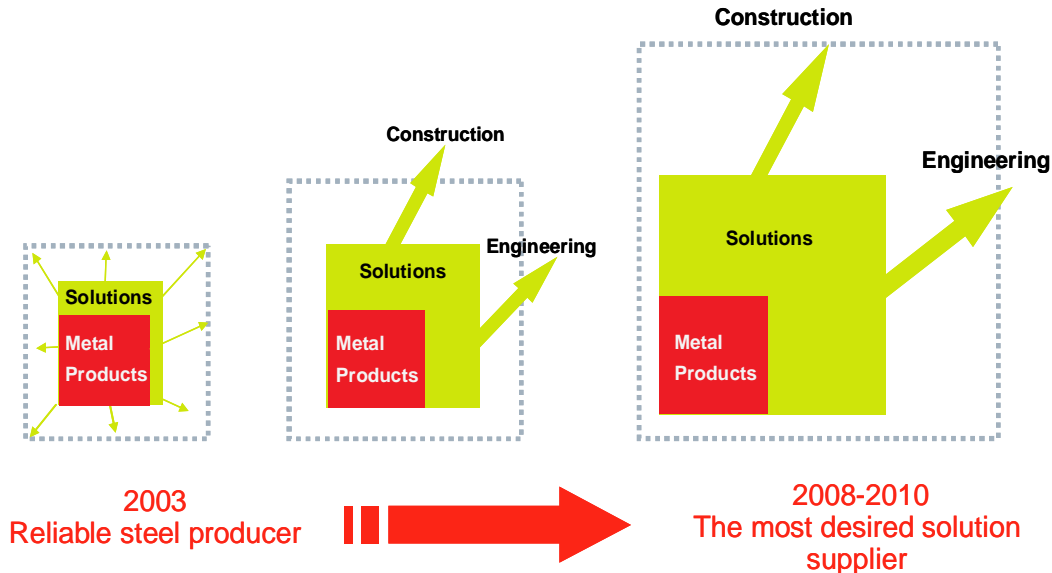


Figure 7 Ruukki's vision (Rautaruukki Corporation, Annual Report 2006; Rautaruukki Corporation, Corporate presentation 2007)

As we can see from the Figure 7, Ruukki was a basic steel producer in the year 2003 and produced mainly metal products. In the second picture we can see how the solutions business has grown through construction and engineering businesses, when the share of metal products has remained the same. The goal is still to grow the solutions business further and further and finally, be the most desired solutions provider in target segments. (Rautaruukki Corporation, Annual Report 2006; Rautaruukki Corporation, Corporate presentation 2007)

Obviously, Ruukki is focusing on growth. To speed up the growth Ruukki is continuingly expanding its solutions business via acquisitions and additional investments in line with its strategy. The acquisitions are made with the clear focus to support the growth in the target markets and strengthen business offering. The growth focus is on construction solutions especially in Central Eastern Europe, Russia and Ukraine. On the engineering business, Ruukki Engineering is supplying highly upgraded components and systems for lifting, handling and transportation equipment industry. Ruukki Metals is supplying special metal products in its product range and enhancing service centre functions in its

core market area. Acquisitions and investments have strengthened Ruukki's market position and organization believes that they will also foster future growth and development. (Rautaruukki Corporation, Annual Report 2006; Corporate Strategy Presentation 2007)

## 4.1.2 Division strategy

Ruukki Construction is a division specializing in customer-focused building and infrastructure construction solutions and supplies metal-based components, systems and total deliveries. Total deliveries, as Ruukki them defines: are deliveries where Ruukki can offer the whole package for the customer. In building construction total solutions include foundations, frame and envelope. In infrastructure construction total solutions for example in bridge building include manufacturing of steel structures, foundations and installation of steel structures. Total solutions enable customers to shorten construction times and ease the installation on site. The strategic intent of Construction division is to become the leading supplier in the core market area of Nordic Countries, The Baltic's, Central Eastern Europe, Russia and Ukraine. The aim is in profitable growth both organically and through further acquisitions. Implementation of the growth strategy is promoted by developing and drawing on new technological innovations. (Rautaruukki Corporation, Annual Report 2006; Rautaruukki Corporation, Division Construction Presentation 2007)

Ruukki Construction's strategic focus was clarified in 2005. Instead of being only an extensive construction components supplier, strong focus was put on rapid development to become a solution supplier on three key areas:

- Foundation, frame and envelope for single-storey commercial buildings
- Foundation, frame and envelope for multi-storey commercial buildings
- Traffic investments such as bridges and noise barriers (Strategy leaflet, 2006)

We cannot argue that this strategy has not proved its strength in practice in the past few years. For example if we look at the positive development on net sales. Net sales increased remarkably through acquisitions and organic growth in the past few years. Net sales of the Construction division grew almost 50% from 2004 to 2005 and 51 per cent

from 2005 to 2006. And the high growth-rate is expected to continue in 2007. Addition to net sales increase profitability has improved also. (Rautaruukki Corporation, Annual Report 2005 and 2006) But, then again the powerful demand of steel throughout the world and strong global economic growth, have fuelled up industrial business in general. The strong growth in construction market developed in 2006 and also picked up the light rise in the market share of steel construction. Knowing this information we can ask the question, what is the influence of a good strategy to the result, and what is the influence of the environmental conditions?

The four acquisitions within the last two years - PPTH, Steel-Mont, Ventall and Scanbridge did naturally increase division's sales. However, their strategic importance comes through the complementing knowledge and competence platform that was needed to in order to realize the change of focus from components to solution supplier of different integrated systems. Well fitting acquisitions continue to be one of Ruukki Constructions ways of complement their current assets and competences also in the future. (Strategy leaflet, 2006)

Creating new construction technologies will play an increasingly important role in differentiating Ruukki from its competitors. Competitive edge will be sought via development of solutions that clearly bring additional value to the customers for example trough standardization and prefabrication of steel structures. The key words in Ruukki's strategy in the future will be increased speed and improved quality of the construction process. (Strategy leaflet, 2006)

### 4.1.3 Business Unit strategy

Infrastructure Construction is a business unit in Construction division. In infrastructure construction business Ruukki focuses on road and railway construction, harbour construction and piling and foundation solutions for building construction. Infrastructure Construction's strategic intent is to become the leading supplier of metal-based construction components, systems and total deliveries in its market area, which includes Nordic Countries, Baltic Sea area, Poland and Russia. In infrastructure construction business the total delivery means complete deliveries or turn-key deliveries. For example in noise barrier deliveries complete delivery includes design, all necessary structures

from foundations to superstructures, accessories and installation. Key customer groups are contractors and investors such as communities, cities and authorities. Designers and developers are important partners. (Infrastructure Construction Presentation 2007; Strategy leaflet 2006)

Ruukki Construction's infrastructure business is divided in two major business areas, traffic structures and foundation structures. In both business areas there are good growth prospects especially in the current Nordic and Baltic Sea area markets. The goal is to introduce more complete solutions that add value to the customers. Through the acquisition of Scanbridge, Infrastructure Construction complemented its offering and knowledge as a steel bridge supplier. (Strategy leaflet 2006)

### 4.1.4 Marketing strategy

In line with the new strategy in 2004, new marketing strategy was defined. The target was to implement a customer and solution oriented business model and to build a single, unified company. Because the company consisted of several legal companies with different names and brands it was decided to create one common marketing name, Ruukki. Since 2005 all companies in Rautaruukki Corporation started to operate under this single marketing name. At the same time new corporate logotype and visual identity was presented and taken into use. The Ruukki brand building started from the basis of corporate vision and strategy. The brand promise of Ruukki is: "More with metals". That means that Ruukki is more than just a steel mill or a materials supplier. "Ruukki is an experienced expert in metals who recognizes the needs of its customers and provides the best solutions for them. " (Ruukki's Brand Book 2004)

In Ruukki, marketing communications is a strategic function. Ruukki's purpose of communications is to manage and develop efficient communications activities to ensure Ruukki's strategy implementation and to support daily business. The basis for marketing strategy is the corporate strategy which guides all actions. (Rautaruukki Corporation, Ruukki Construction, Communications and Marketing 2007) The strategy implementation has succeeded well, if we ask from the customers in Finland at least. Most of the Finnish customers recognize the new Ruukki brand. (Rautaruukki Corporation, Brand research 2005-2006) As well as if we look at the net sales development, which

has increased since the launch of the new strategy. (Rautaruukki Corporation, Annual Report 2006) Anyway, the Ruukki brand may be recognized (in Finland at least), but are all the customers and partners familiar with Ruukki's solution-oriented business and do they really know everything about the total deliveries? In the marketing's point of view these thing are the issues that have to be communicated more to the selected target groups.

### 4.1.5 Summary

Rautaruukki Corporation uses one single global core strategy, which is defined in its vision, to become the most desired solutions supplier in its target markets. This means that Ruukki brings solutions to its customer's problems by delivering not only the parts, components and systems what customer needs but as well taking part in designing the project together with the customer as well as taking care of the installation. The core strategy is specialized for each division and business unit's market conditions. Also, product range and key customer groups vary between different divisions and business units. The global core strategy is also the basis for the marketing strategy and the idea is to market one single unified company, under one brand name and same visual identity. The marketing strategy is not a separate strategy, but a part of the global corporate strategy, but not all of its elements are standardized. However, the brand is globally standardized, but the different elements of marketing communication mix require local adaptation in different divisions and market areas.

Ruukki is focusing on growth, profitability and product specialization. Usually in business literature via balanced scorecard thinking there are two approaches to strategy; growth strategy and profitability strategy. According to Kaplan and Norton business managers should choose between these strategies, because company cannot concentrate on both of these strategies at the same time. (Kaplan and Norton, 2002, 107-109; Lindroos and Lohivesi 2004, 181-183) Anyhow, every company has to be concerned about profitability even if it's focusing on growth.

## 4.2 Analyzing the results of the survey and the interviews

The purpose of the case study was to find an answer to the research problem; "How the case organizations marketing communication mix could be developed so that it better supports the case organization's business strategy?" and also to find an answer to the sub question: "Should case organization globalize or localize its marketing communications mix?" Next, the results of the survey and the interviews will be analyzed using the categories of the thematic interviews (Appendix 2); the most important products at the moment and in the future in respondents area of responsibility, the most important target groups at the moment and in the future in respondents area of responsibility, the objectives of marketing communications in respondent's area of responsibility and importance of marketing communication mix elements in respondents area of responsibility and how marketing communication mix could be developed to be able to meet the market conditions more effectively.

### 4.2.1 Product range

Case organization consists of two different business areas, Foundation Structures and Traffic Structures and seven different market areas; Finland, Sweden, Norway, Baltic countries area, Poland, Western Europe and Russia. Russia and Western Europe were not included in this study as mentioned before. Between the two different business areas products are different but customers are mostly the same. Anyhow, there can be seen some differences between the market areas.  It is important to understand the product markets to be able to identify the target customers and then again to be able to develop the marketing communication mix. In the Table 1 the most important product groups are presented according to sales shares and they are arranged by market areas. The product information is gathered from the respondents via survey and interview, but additionally actual statistics from the product sales shares from the year 2006 and sales share forecast for the year 2010 have been used.

| | 2006 | 2010 |
|---|---|---|
| **FINLAND** | 1. Micropiles<br>2. Noise Barriers<br>3. Large diameter piles<br>4. Guard rails<br>5. Bridges | 1. Micropiles<br>2. Large diameter piles<br>3. Noise barriers<br>4. Bridges<br>5. Guard rails |
| **SWEDEN** | 1. Micropiles<br>2. Bridges<br>3. Large diameter piles<br>4. Guard rails<br>5. Noise barriers | 1. Micropiles<br>2. Bridges<br>3. Large diameter piles<br>4. Noise barriers<br>5. Guard rails |
| **NORWAY** | 1. Retaining walls<br>2. Large diameter piles<br>3. Micropiles<br>4. Bridges<br>5. Noise barriers | 1. Retaining walls<br>2. Bridges<br>3. Micropiles<br>4. Large diameter piles<br>5. Noise barriers |
| **BALTICS** | 1.Large diameter piles<br>2. Guard rails<br>3. Micropiles<br>4. -<br>5. - | 1.Large diameter piles<br>2. Micropiles<br>3. Noise barriers<br>4. VU-profiles<br>5. Guard rails |
| **POLAND** | 1. Noise Barriers<br>2. Large diameter piles<br>3. VU-profiles<br>4. -<br>5. - | 1. Noise Barriers<br>2. Large diameter piles<br>3. VU-profiles<br>4. -<br>5. - |

Table 1 Most important products according to sales share

*Product mix in Finland*

In Finland the most important product group according to the sales share in the year 2006 was micropiles and they are seen as the most important products in the future as well. There is a goal to balance the sales by increasing the sales shares of other products. In 2006 the large sales share of noise barriers was extraordinary big because of one huge project in Finland - The new "Oikorata" railway line from Lahti to Kerava. Target for the year 2010 is to increase the sales share of the bridges the most when the micropiles will have the largest sales share, large diameter piles the second largest sales share and noise barriers the third largest sales share.

*Product mix in Sweden*

Micropiles have the biggest share on sales at the moment and in the future in Sweden as well. Steel structures for bridges have the second largest sales share at the moment and

it is expected to be so also in the future. Large diameter piles have the third largest sales share at the moment and in the future. The target for the future is to increase the sales share of noise barriers over the guard rails because there is better demand in noise barriers expected.

*Product mix in Norway*

Product mix in Norway is the most different compared to the other market areas. In Norway, retaining walls, which are trading products and not Ruukki's own products, have clearly the largest sales share in 2006 when large diameter piles have the second largest sales share and micropiles the third largest sales share. In the future the target is to increase the sales shares of the own products and diminish the sales share of trading products. However, retaining walls will still have the highest sales share, but not that large as it is at the moment. Target is to increase the sales share of bridges remarkably as well as the sales shares of large diameter piles and micropiles and diminish the sales share of retaining walls.

*Product mix in Baltic area*

In the Baltic's large diameter piles are seen as the most important products at the moment and also in the future according to the largest sales share. In the Baltic Sea area there is a need for large diameter steel piles in building and reconstruction of harbors. In the future the goal is to increase the sales of the micropiles and there is also seen market potential for the noise barriers and VU-profiles for bridges.

*Product mix in Poland*

In Poland the sales share of noise barriers was the highest in 2006 and it also will have the biggest sales share in the future. Large diameter piles had the he second largest sales share in the year 2006 and the goal is to increase their sales share compared to noise barriers. There is also seen market potential for VU-profiles for steel bridges in the future.

*Sales share of total solutions in different market areas*

In Foundation Structures business area it seems that it is not possible to deliver so called total deliveries, which means for example in building construction delivering the total package including foundations, frame and envelope. In the Traffic Structures business area total deliveries will be increased in the future. Total deliveries can be delivered for bridges including; foundations, manufacturing and installation of the steel structures and for noise barriers, which can be delivered as a turn-key. But the question is: "Does Ruukki and in this case business unit Infrastructure Construction want to be able to deliver total deliveries for all the business segments where it is operating?"

## 4.2.2 Target groups

The most important target groups at the moment and also in the future, in the case organization are: contractors, designers and investors (Table 2). Contractors are important customers, because they are the ones that usually buy the products and make the decision about from whom to buy. Investors, such as road and railway administrations or harbor authorities are also important target groups, because they are actually often the end clients that make the decision about the project. In the future designer marketing will be even more important due to the fact that designers are the ones that decide which materials are used for example in bridges - steel versus concrete.

|  | 2006 | 2010 |
|---|---|---|
| **FINLAND** | 1. Designer<br>2. Contractor<br>3. Investor | 1. Designer<br>2. Contractor<br>3. Investor |
| **SWEDEN** | 1. Contractor<br>2. Designer<br>3. Investor | 1. Designer<br>2. Contractor<br>3. Investor |
| **NORWAY** | 1. Contractor<br>2. Designer<br>3. Investor | 1. Designer<br>2. Contractor<br>3. Investor |
| **BALTICS** | 1. Contractor<br>2. Designer<br>3. Investor | 1. Designer<br>2. Contractor<br>3. Investor |
| **POLAND** | 1. Contractor<br>2. Designer<br>3. Steel workshop | 1. Contractor<br>2. Designer<br>3. Investor |

Table 2 Target groups

The most important target groups seem to be the same in different market areas but there are seen some differences. According to the interviews designers will be the most important target group in all the market areas except in Poland in the future. Interviews exposed that especially in the Traffic Structures business area the importance of contractors emphasizes as well because of the fact that for contractors are also offered the on-site services, such as installation. In many cases the responsibility of the project is on the contractor and not on the investor. In Poland contractors will be more important target group than designers also in the future because in Poland there are a lot of competitors from the same field and Ruukki does not have such a high awareness in that area yet. However, the most important target groups presented here are drawn from the survey and the interviews and the subjective opinions of the Business Area and Sales Managers can affect to the results.

**4.2.3 Current marketing tools and methods**

Respondents were asked about the current marketing methods and tools to be able to get a picture what kind of methods and tools are working and is there a need to invent new methods or increase the effectiveness of old methods.

Current marketing tools and methods:
- company, division and business unit presentations
- product presentations
- brochures, technical data sheets
- company advertisement - no product advertisements
- quick screens for fairs
- fairs and seminars
- references
- customer visits
- web

Respondents found the current tools and methods useful, but there were seen some updating needs and also some new tools and methods were seen very important.

**4.2.4 Marketing communications objectives**

Table 3 shows that the most important objectives of marketing communications according to the respondents are increasing the awareness and knowledge of the business unit Infrastructure Construction and increasing of sales. All of the respondents saw these objectives as very important. Increasing the knowledge about the division was seen as the least important objective.
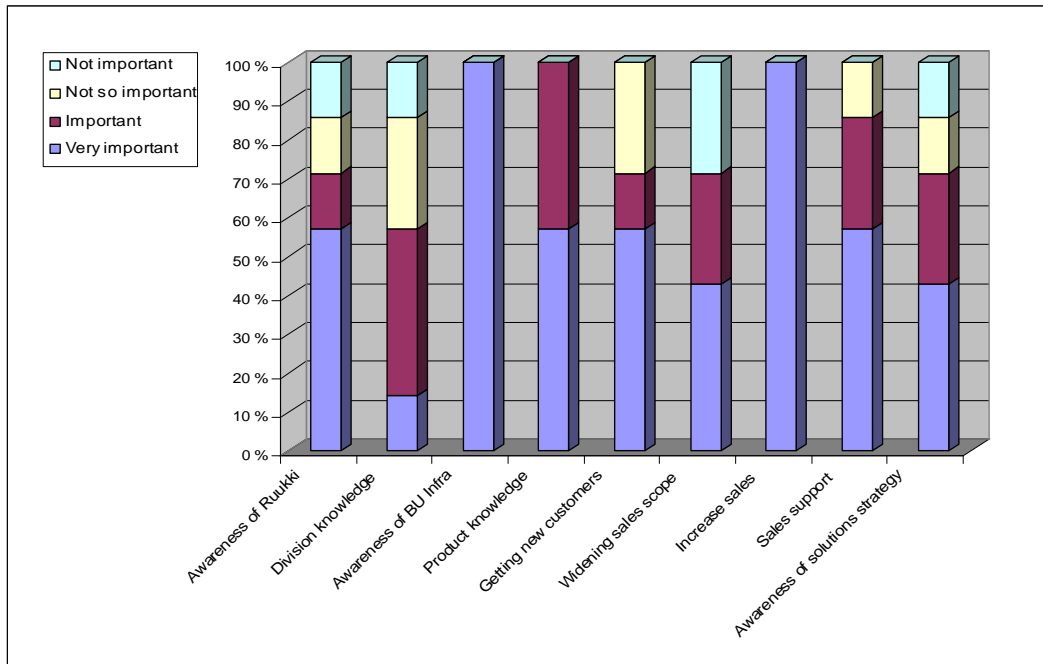


Table 3 Marketing communications objectives

In the Baltic countries area all the objectives were seen as equally important, only the objective of adding division's knowledge was seen as minor important.  In Poland, adding division's knowledge was seen totally unimportant but increasing Ruukki's and business units' brand awareness and image as well as increasing sales were seen as the most important objectives of marketing communications.

In Sweden there were differences in objectives between the two business areas. In Traffic Structures business area all of the objectives presented in the questionnaire were seen as equally important. In Foundation Structures business area adding awareness and image of Ruukki and division were seen totally unimportant when adding the knowledge and awareness of the business unit were seen as the most important objectives of the marketing communications together with getting new customers and increasing

sales. What was also seen as totally unimportant in foundations business area was to increase the awareness about Ruukki's new strategy as a solutions provider.

In Finland there were also differences in objectives between the two business areas. In traffic business area the most important objectives were: increasing the knowledge of the business unit, getting new customers, increasing the sales and increasing the awareness about the new strategy as a solutions provider. In foundations business area the most important objectives were: increasing the awareness and knowledge of the business unit and its products as well as increasing the sales. Widening the sales scope was seen as totally unimportant as well as increasing the awareness and image of Ruukki brand, getting new customers or communicating about the new strategy as a solutions provider.

From the results can be seen that Ruukki brand seems to be the strongest in Finland and that is why the brand does not need to be promoted as much in Finland as it has to be in the other countries. It can also be seen that in the traffic business area communicating of the new strategy about Ruukki as solutions provider is seen as one of the most important objective when again in foundations business area it was seen totally unimportant. This is most certainly because of the differences between the product mixes. However, these results were based on respondents' subjective opinions and formulating of final objectives still requires some thinking and taking also other factors, such as strategy into account.

### 4.2.5 Importance of marketing communication mix elements

The interviewees were also asked, what are the most important elements of marketing communication mix in their area of responsibility. Their answers are presented in the Table 4 below.
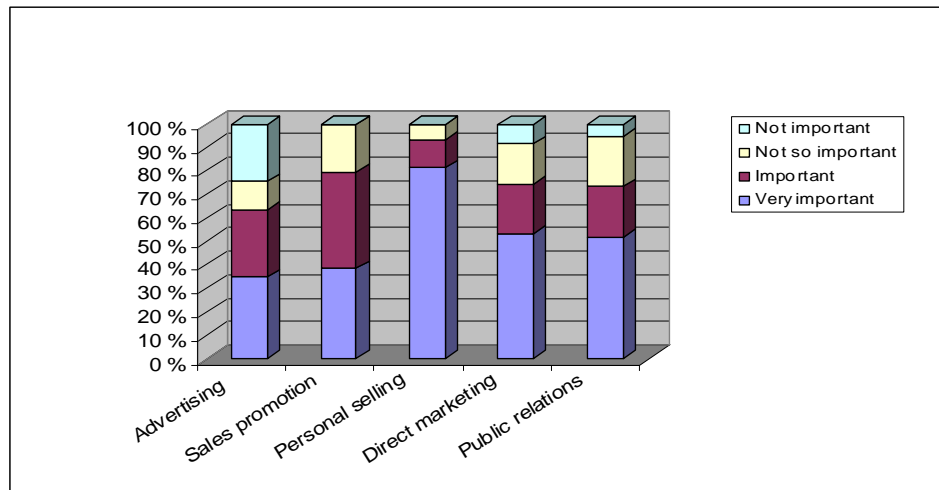
Table 4 Importance of marketing communication mix elements in Infrastructure Construction

As we can see from the Table 4, personal selling is seen as the most important element of the marketing communication mix in the case organization. The other elements were also seen important, but regarding advertising the opinions were divided in two. Some of the respondents found advertising as very important when some of the respondents did not found it important at all.

Next the importance of the communication mix elements will be analyzed country by country to be able to see the differences inside the business unit. In the Table 5 the importance of the communication mix elements in Finland are presented. For the respondents it was presented different advertising, sales promotion, personal selling, direct marketing and public relation tools and they marked for each tool how important they saw it.

*Finland*

As we can see from the Table 5 below, almost all the personal selling tools were seen as very important, only taking customers to concerts and other events were not seen as very important. Sales promotion and advertising tools were not seen that important, but some important tools were found. From the advertisement tools only customized advertisements for different products were seen as important when the other tools were seen as not so important. Some of the advertising tools, such as TV advertising and brand advertising were seen not important at all.

In Traffic Structures business area fairs, seminars and samples were seen as important when again in Foundation Structures side these tools were seen as not so important. However, both business areas found organizing installation shows and tests important. In direct marketing tools, local websites were found as the most important compared to other tools. From the public relation tools the most important ones were educational articles followed by with stories and articles about case organization and news releases about won deals.
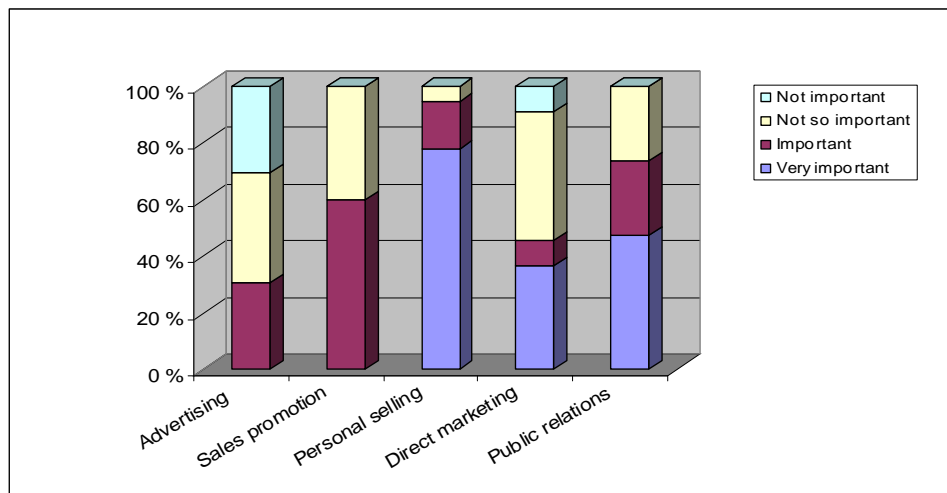


Table 5 Importance of marketing communication mix elements in Finland

*Sweden*

From the Table 6 below we can see that in Sweden all the communication mix elements were seen as very important or important. In Sweden, personal selling and direct marketing seem to be the most important elements, but also sales promotion tools were seen important. Advertising in general was seen as very important, mostly advertising in magazines and newspapers, campaigns and customized advertisements for products. In traffic business area also TV-advertising was seen as very important when again in foundations business area it was seen as totally unimportant.

Sales promotion tools in general were also seen as very important and important. In foundations business area fairs were seen as very important, but in traffic side they were seen not so important. Then again customer seminars and smaller events organized by others where Ruukki takes part in were seen as very important in both business areas.

Organizing installation shows or tests were seen as very important in traffic business area and not so important in foundations side. Direct marketing was seen as very important in general, except in traffic side local websites were seen as not so important as well as the information about Ruukki in partners websites. But, then again sales via internet were seen as very important or important. Public relation tools were also seen as very important or important, except sponsoring, which was seen as not important at all.
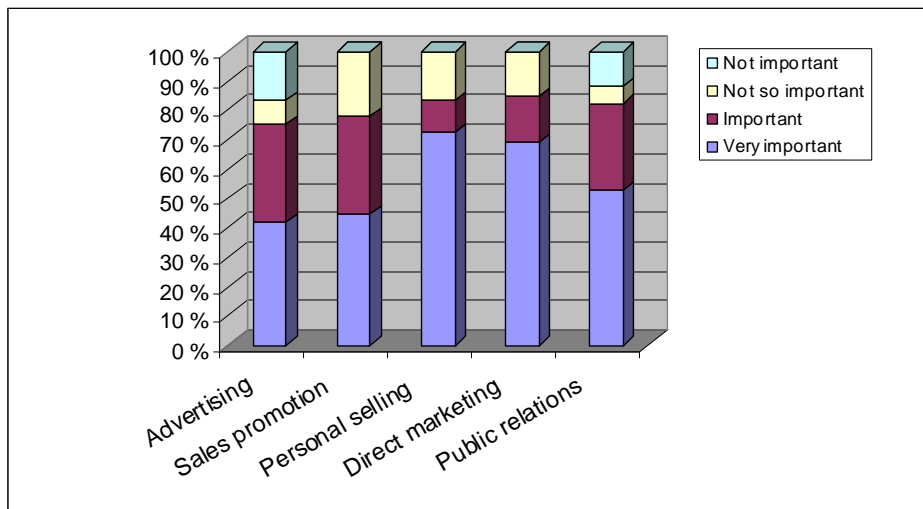


Table 6 Importance of marketing communication mix elements in Sweden

*Norway*

Also, in Norway personal selling was the most important element of the communication mix (Table 7). Sales promotion was seen as very important or important. Taking part in customer seminars and smaller events, samples and business gifts were seen as very important. From the direct marketing tools corporate web pages were found as very important, but direct e-mailing, sales via internet and information about Ruukki in partners web sites were seen as not important at all. Advertising in newspapers and magazines was seen as very important when again radio and TV-advertising was seen as not important at all. From the public relation tools, writing stories and articles about Infrastructure Construction was the most important and sponsorships the least important.
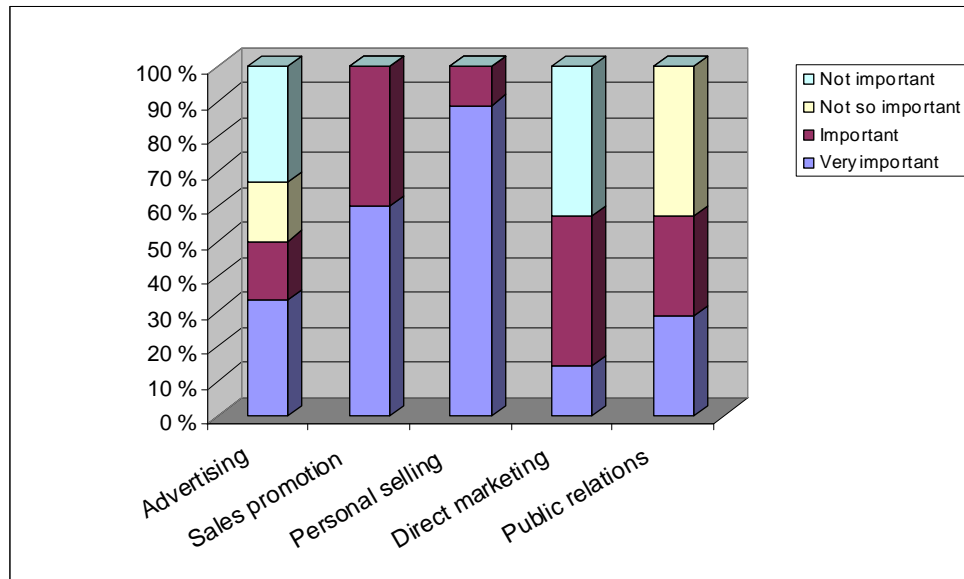
Table 7 Importance of marketing communication mix elements in Norway

*Baltic countries*

In the Baltic Countries almost all of the communication mix elements were seen as very important (Table 8). There were only a couple of advertising tools; radio and TV-advertising that was found as unimportant. However, advertising in general was seen as very important. From the public relations tools only sponsorships were not seen that important. From the sales promotion tools fairs and other smaller customer events were found important when other sales promotion tools; samples, business gifts and organizing installation shows or tests were seen as very important.
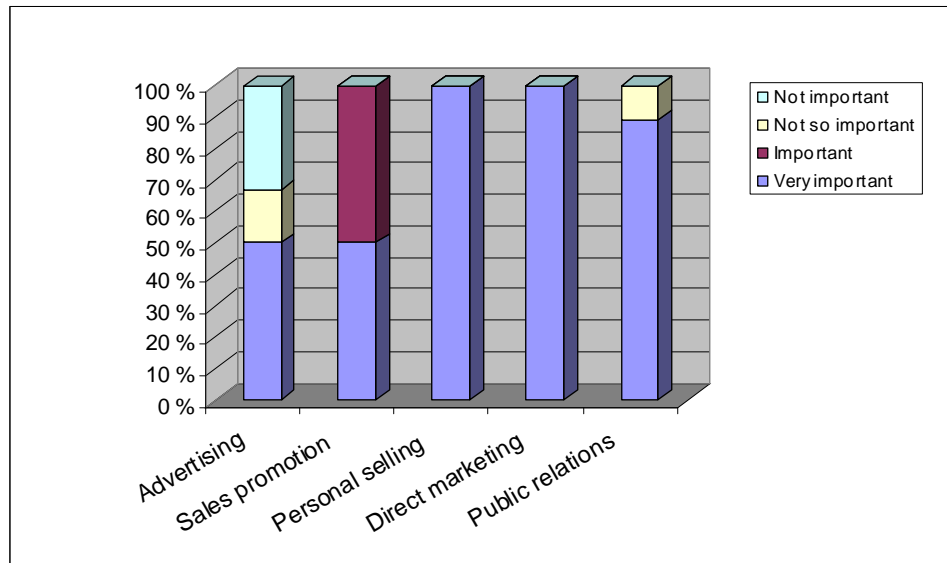
Table 8 Importance of marketing communication mix elements in Baltic Countries

*Poland*

Also in Poland, personal selling was seen as the most important element of the communication mix (Table 9). Direct marketing was found as the second important. In general, all of the marketing tools were seen important despite radio and TV-advertising tools and sponsoring that were seen not important. Different compared to the other areas was that samples and communicating about the total deliveries were seen as not important at all.
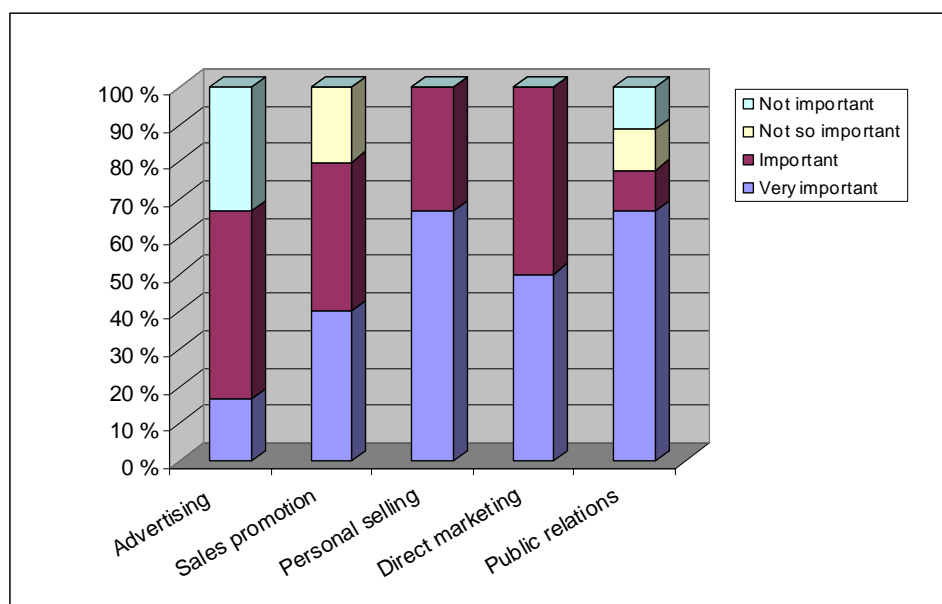


Table 9 Importance of marketing communication mix elements in Poland

To sum up, all the respondents marked as very important in the future the next personal selling tools; targeted customers events organized by Ruukki, trainings for different customer groups, personal presentations about Infrastructure Construction and its products, customer visits, brochures and technical data sheets and good and up-to-date customer register. Advertising was seen very important in the Baltic countries area, Poland and in Swedish foundations business area and important in Swedish traffic business area when again advertising was seen not so important in Finland.

However, in all of the market areas there was seen a specific need for more customized advertisements for different products. From the sales promotion tools taking part in smaller customer seminars and events were seen as the most important in the future when again taking part in large fairs was seen not so important in the future. Personal selling and taking care of customer relations in different ways were seen very important in all of the areas. In direct marketing, local websites were seen as the most important channel of marketing, but also direct e-mailing and corporate web sites were seen important. Public relations were seen important in general. All the respondents saw educational articles and communicating about won deals as well as taking part in scientific conferences very important or important.

### 4.2.6 Increasing effectiveness of marketing communications

The respondents were also asked if the marketing communications could be developed to work more effectively. All managers found some needs to increase effectiveness. Development needs did not differ that much in different markets or business areas, so there is no need to examine this separately. In Table 10 marketing communication mix development needs are presented concerning the whole business unit as one market area.
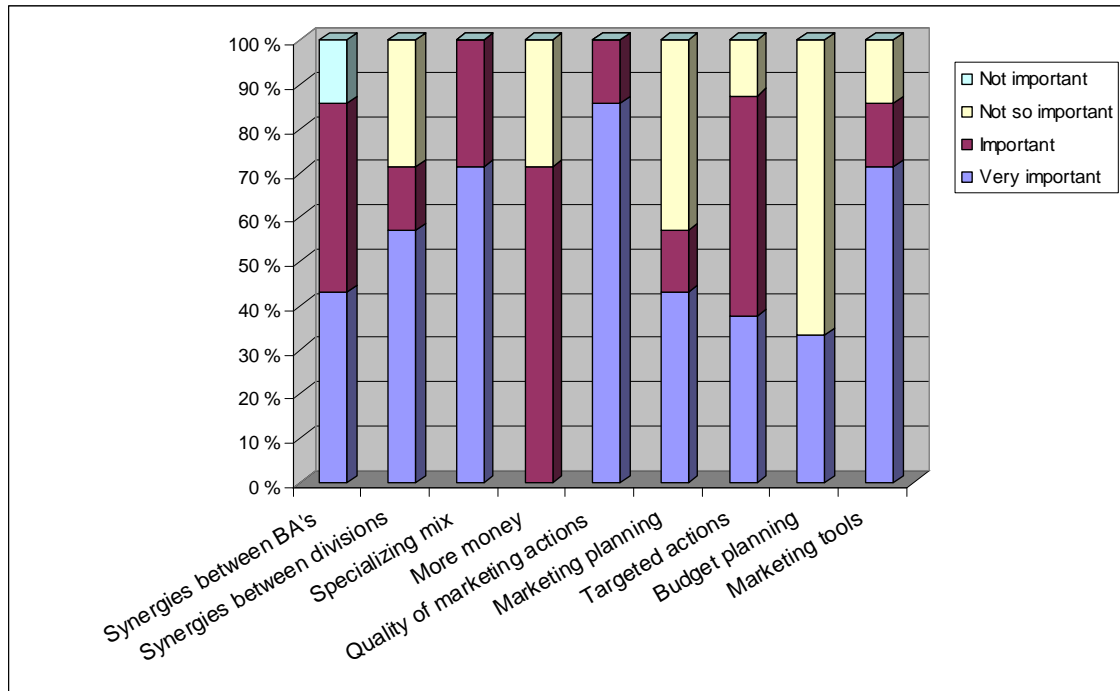
Table 10 Increasing effectiveness of marketing communications

All the respondents thought that on the quality of marketing actions should be invested. They also thought that marketing methods should be specialized for different areas and country specific issues should be taken into consideration. In general, it was also seen that synergies between Traffic Structures and Foundation Structures business areas and inside the division should be used more effective in the future. One more important thing that also came out in the interviews was that marketing tools should be always up-to-date and available for everyone. Tools should be placed in one place where everybody has access. However, these results were based on respondents' subjective opinions and formulating of final "right" answers about the issues presented still require some thinking and taking also other factors, such as strategy, into account.

# 5. MARKETING COMMUNICATION MIX DEVELOP-MENT PLAN

Purpose of this chapter is to give a marketing communication mix development plan recommendation for Infrastructure Construction. In Infrastructure Construction case development plan has to take into consideration all of the market areas as well as the two different business areas. This development plan was formulated from the survey and the interview results which were then linked to the theoretical framework of the work and then one more time results were discussed and thought through with the respondents and the "best practices" were formulated. The idea of chapter 5.1 is to develop communications in the case organization as a whole. When again, the idea of chapter 5.2 is to make country specific marketing communication development plans, through which plans are implemented.

## 5.1 Planning communications

The purpose of this chapter is to plan and develop marketing communications for the case organization using all the gathered data as a basis when defining the target audience and their needs, formulating the objectives and the message of marketing communications, choosing the right communication channels, elements and measures.

### 5.1.1 Approaching the target audience

Communication strategy will of course differ depending on the target audience as discussed before in chapter two. In Infrastructure Construction the target audience consists mostly of current customers as discovered from the survey and interviews. By customers are meant both the paying customers as well as some important partners such as designers. Very often the current customers are also key customers. For current customers marketing actions can be more specified and add customers' knowledge about the products. Infrastructure Constructions target audience is the same in all market and business areas, but the emphasis can be slightly different.

Target audience and their needs:

- Designers
    - simplicity and speed in their own work - designer tools
    - possibility to design "dreams"
- Contractors
    - price
    - product quality
    - delivery time, flexibility, delivery certainty
    - partnership
- Investors
    - total costs of the project
    - product quality
    - delivery time, certainty
    - assurance

These target groups differ from each other and that is why there is a need for tailoring the actions according to the target audience. Designer's knowledge about the products needs to be increased in different ways. Certain ways could be specific seminars and trainings for designers needs. Designers also need designer tools to speed up and simplify their work. Contractors are interested in price and that they will get the high quality products delivered at the right time. Investors are interested about the total costs of the projects and right deliveries at the right time. For investors it is also important to be sure that the firm will guarantee the quality of the products and it doesn't fell for bankruptcy.

### 5.1.2 Defining the objectives of marketing communications

The most important objective of Infrastructure Construction is to become the leading supplier of metal based construction components, systems and total deliveries in its market area. This main objective in mind and with the help of the survey results and interviews the objectives of communications were defined:

1. Increase the awareness and knowledge of business unit Infrastructure Construction

2. Increase the awareness about the new strategy as solutions provider

3. Creation of positive image in the market of having the best knowledge and know-how in the chosen business segments

4. Customer satisfaction

5. Increase of sales and profitable growth

There were some different opinions between respondents about the most important objectives, but these objectives above can be seen as the most important in all the market areas. The most important objective is to increase target groups' awareness and knowledge about the business unit and its products. As the second important were seen to increase the target audiences awareness about the new solutions strategy and what more organization can offer. What was also seen very important was to create a positive image in the chosen business markets and to be seen as the industry leader in the steel knowledge and construction knowledge. In Finnish market Ruukki has already in many cases this kind of position. Contractors and designers are asking advices from the Ruukki personnel to their problems. The goal is to get this kind of position also in other markets. Customer satisfaction is very important as well as increasing the sales and ensuring profitable growth.

**5.1.3 Formulating the message**

In Infrastructure Construction's case messages need to be targeted for several different audiences, for example designers, contractors and investors.

Possible messages for designers**:**
- Ruukki's solutions saves designer's resources
  - o fast designing process with integrated systems and designing tools
  - o high product quality and flexible design opportunities
  - o international capacity and competence to continuously develop new products and building technologies together with designers & architects

Possible messages for contractors:
- Ruukki's solutions save customer's resources
  - o fast and safe construction process

- o high quality products
- o delivery certainty and flexibility
- o supportive tools and knowledge
- o reduce complexity on-site

Possible messages for investors:
- The sure choice
  - o the total cost of the project
  - o reliable and competent partner for on-time-deliveries

## 5.1.4 Choosing the right communication channels

In Ruukki's case personal communication channels seem to be the best way to communicate about company's products and services, because of the product complexity and the high purchase risks.

Personal communication channels:
- Face-to-face meetings with customers and partners in fairs, seminars, customer events and visiting customers
- Person-to-audience communication in targeted customer seminars and trainings
- Sales talk over the telephone
- Direct e-mailing

Nonpersonal communication channels:
- Advertising in carefully selected medias
- Campaigns
- Web
- Public relations: Business related news and stories about Infrastructure Construction

In Ruukki, nonpersonal channels are generally the channels to promote the image and the awareness of the brand, when again personal communication channels are used in more targeted sales work. Although personal communication is often more effective than mass communication, mass media might be the major means of supportive market-

ing communications and also to deliver certain messages to activate customers. Anyway, the right mixture of these two channels is important to find.

**5.1.5 Choosing the right tools of communication elements**

*Advertising* has not been used that much in Infrastructure Construction in the past and it will not be the most used form of communication in the future either. Before the year 2004 printed advertisements represented mostly different kind of products. After the new strategy launch printed advertisements have been mostly supporting advertisements for the Ruukki brand. There have not been any product advertisements. All the advertising has been concentrated to build up and maintain the Ruukki brand. However, from the interviews it was clearly found out that there is a need to develop more specific advertising in the future. Most of the interviewees told that there is a need to promote the products or communicate about the end-use segments.

Advertising tools:
- More specialized product advertising in newspapers, magazines and web
- Campaigns to tell a certain message and activate customers
- Ruukki's web pages and partner's web pages

From the *sales promotion* tools fairs are more likely to increase the awareness and the image of the company and its products as well as meeting current customers and maintaining the customer relationships. The interviews exposed that in the future the amount of large fairs to take part in will decrease, because interviewees saw smaller customer seminars and conferences, where only the most important customers are present, more important than large fairs.

Sales promotion tools:
- Couple of fairs in every year to take part in to maintain the awareness and image
- Couple of seminars and conferences to take part in to meet the most important customer groups
- Organizing installation shows and taking customers to factory visits
- Product samples
- Business gifts

*Public relations* are very important for Ruukki, because the appeal of Public relations is very important for Ruukki's customers. Clearly, Ruukki will face fewer problems abroad when it has a positive image in the country in which it operates. Also, news and stories are more credible to readers than advertisements. Public Relations in Ruukki consist of several programs designed to promote and protect company image. The different programs include for example press kits, seminars, annual reports, publications and company magazine.

Public relations tools:

- News releases about won deals
- Newsletter quarterly
- Educational articles about Infrastructure Construction's products
- Stories and articles about Infrastructure Construction

According to study results, *direct marketing* tools were seen more and more important in the future, because of the effort to increase sales force productivity by using internet and direct mailings more, due to lack of human resources or trying to increase efficiency in fast growing business.

Direct marketing tools:

- Local websites ([www.ruukki.com/fi](http://www.ruukki.com/fi), [www.ruukki.com/se](http://www.ruukki.com/se))
- [www.ruukki.com](http://www.ruukki.com)
- Direct e-mailings
- Using internet more effectively in sales (enquiries and orders)
- Information about Ruukki in external partners web sites

*Personal selling* in Infrastructure Construction occurs most often in sales and negotiating meetings, in fairs and customers events. When products are complex, as they are in Ruukki's case, personal selling is the most effective marketing method. In the case organization sales personnel serve as company's personal link to the customers. Personal selling requires good sales personnel, but good and up-to-date sales tools will help in the sales work.

Personal selling tools:

- Focused customer seminars and events organized by Ruukki for certain target groups
- Trainings and informational seminars for customers and partners
- Presentations about Ruukki and Infrastructure Construction and its products
- Brochures, technical data sheets and designer manuals
- References
- Customer visits

## 5.1.6 Measuring communications

Systematic measuring and evaluating of marketing communications has been relatively minor in the case organization. Evaluation has existed but the focus has been project specific and not systematic and it has focused in sales targets and not in marketing targets. Research interviews emphasised to put more effort in this area. There is a need to develop tools and measures to be able to better evaluate the strategy implementation executed through marketing communication mix.

But, what is important in choosing the right measures is choosing the right measures in relation to organizations objectives. It is no use to measure something that organization does not hold as important or is not trying to reach. Then again, if the objectives of the organization can not be measured, it would be wise to rethink the objectives. All of the communications objectives of Infrastructure Construction can be measured, for example via survey sent to the customers. The survey could include the questions about the awareness of Infrastructure Construction, product knowledge and awareness about the new strategy. What is important here is that the survey should be implemented many years in a row to be able to get continuous feedback and comparable information. To be able to see how results are evolving, the survey should be sent to the same customers every year and it should include the same questions. Customer satisfaction survey is already made every year. Sales increases and decreases are followed, but when knowing the time of a new advertising marketing campaign or efforts put in designer trainings it can be seen how the sales are evolving after these efforts.

Possible measures for ensuring profitable growth:

- net sales > X
- operating profit > X
- net sales vs. marketing costs

Possible measures for increasing sales

- sales growth > X %
- customer satisfaction
- number and quality of published news

According to study results there are some corrective actions needed in developing Infrastructure Construction's marketing. All the basic marketing tools that make communication possible and effective have to be in order. These basic things are the following in Infrastructure Construction:

- Marketing communication tools up-to-date and available for everyone
- Arranging needed marketing communications trainings
- Good and up-to-date customer register
- Using synergies between business areas and inside division more effectively

## 5.2 Local marketing communication mix development plans

In the case organization there is a need to globalize certain elements of marketing communications strategy to be able to give a uniform picture of the company that will be recognized globally, but there is also a need to localize some of the elements. According to study results it seems that there is a need to localize some parts of the marketing communication mix for different market and business areas because of different market needs. There is also a need to globalize some parts of the mix that they will remain as unchangeable as possible in different areas to build up a uniform brand and corporate image (Table 11).

The elements that need global standardisation are at corporate level: Ruukki's strategy, vision, brand and message (Table 11). This means that corporate strategy and vision are the same in all Ruukki's market areas and they are communicated everywhere exactly

the same way. Also brand is globally standardised. This means that the brand name, brand promise, colours and identity are the same in all market areas. The advantages of globalizing these elements are that Ruukki is seen as one unified company that works under one brand, which customers recognize globally. Finally, a consistent international brand or company image can be achieved. A uniform image serves to reduce message confusion.

| Global standardi-sation | Corporate | Strategy | Vision | Brand | Message |
|---|---|---|---|---|---|
| | Division | Division strategy | | | |
| | Business unit | Bu strategy | Product names | | |
| | **Advertising** | **Sales promotion** | **Direct marketing** | **Public relations** | **Personal selling** |
| | -Brand concept -Product names -Printed brand supporting ads -Visual identity -Message -Campaigns -Printed material -Image concept | - Fair concept - Business gifts - Quick screens | - ruukki.com sites | - Public relations concept - Communicating about solutions business and total deliveries | - Brochure concept - Presentation concept and templates -Reference concept |
| **Local adaptation** | - Translations to local languages -Printed product ad variations - Advertising channels and medias | - Exhibition stand sizes and colours - Business gift variations - Smaller seminars | - Local web pages -Sales via internet -Direct e-mailing -Banners in web sites -Company information in partners web sites | - Communicating about solutions business and total deliveries in infrastructure business area -News releases, stories and articles -Internal marketing -Sponsorships -Scientific conferences | - Translations to local languages - Trainings and informational seminars for customers and partners -Customer visits and events |

Table 11 Global standardization versus local adaptation

In divisional level standardisation needs concern about division strategy. Division strategy is formulated from the corporate strategy, so that the core strategy stays the same but it is defined divisions more specific market needs. In divisional level the strategy is standardised. Also in business unit level there is a clear need to define the strategy more specific to meet the business areas market needs. This business unit strategy is standardized for all the different market areas of the business unit. Product names are also globally standardised in business unit level.

Some elements of the marketing communication mix need globalizing when again some elements require for localization. Advertising can be almost wholly standardised. By keeping the brand supporting advertisements the same in all the market areas it will give a unified outlook of the company and it saves designing costs as well as makes control easier. When good advertisements or campaigns are invented ones there is no need to reinvent the wheel again and waste time and money. However, advertisements will be translated to local languages when needed. And it was found out from the interviews and surveys that there is a need for more specific product advertisements in the business unit level.

The next step for Infrastructure Construction is to develop a couple of advertisements that will communicate about the organization's products through end-use segments and introduce more specific what organization does. According to the interviews there is a need to develop advertisements for road and railway construction, harbour construction and building construction. These advertisements will be developed in cooperation with all of the market areas and they will be made as standardized as possible. The same advertisements will be used in all of the market areas, but there will be some localization possibilities also, for example a possibility to change text of the advertisement to link the advertisement for example into local campaign or event.

From the sales promotion tools fair concept, business gifts and quick screens can be standardised. When the same fair concept is used in each market area it saves time and costs can be saved. Fair stand and Ruukki's stand personnel will always look the same, which makes it easier for customer to recognize Ruukki all over the world. However, interviews revealed that some of the events require more relaxed clothing than others and in Poland and Baltic countries area more colourful stands and clothing were appreciated. Also, when the business gifts are standardized they will always present the same quality and idea. But, then again the differences in cultures between the countries challenge the gift giver to think that are the exact same gifts suitable for all of the different countries. For example when Finnish customers would appreciate sauna steamers, customers in foreign countries don't even recognize what the gift is. The survey and interviews also showed that Infrastructure Construction will participate in larger fairs less in the future and concentrate in smaller seminars where the Ruukki stand is not needed - instead quick screens will be used.

Public relations concept can be standardised, meaning that who can communicate about what and how it should be done. Direct marketing can not be wholly standardized because it often includes interaction with customers. Anyhow, the company web pages will be standardized, but local web sites for different countries need some adaptation in each country. In country web pages there is a need for more country specific information about fairs and events as well as news and stories that concern the country in question. Also, inside Infrastructure Construction there are specific needs to adapt the content of the Infrastructure Constructions web pages for different countries. For example steel foundations are only offered in Finnish market and therefore they will be not marketed in other countries' web pages.

Personal selling can't be really standardised either, because it is always about personal communication between two or more parties. That's why customer visits, trainings and other events will be always adapted to local and case by case needs. But, some of the personal selling tools can be standardised for example brochures, technical data sheets, designer manuals and presentations about the company, business unit Infrastructure Construction and its products. This means that the brochures and other material will look the same and include the same content. However, brochures need to be translated into local languages and sometimes there is also a need to do some modifications for the content for local needs; different regulations, standards and product offering.

Next, local marketing communication mix development plans will be presented market area by market area. According to the study results there is a need to develop media relations and advertising in all of the market areas of Infrastructure Construction. These new end-segment advertisements will be developed for Infrastructure Construction in cooperation with all the different market areas, so that eventually there will be couple of advertisements, which will be used in all of the market areas. There is also a need to plan advertising more. This means identifying the target audiences, most important media and the targets of what is being tried to achieve through advertising more clearly. This more consistent planning includes also planning of campaigns, choosing the right channels and planning supportive advertising in other channels at the same time. Advertising should not be just printed advertisements in some magazines, but creative advertising, which will tell some specific message and activate the audience to find out more.

Also, the target will be in the future to diminish participating in large fairs and to concentrate on smaller customer events organized by others and Ruukki itself. Local websites and marketing materials require some updating in all of the areas and writing more business news will be even more important in the future. Developing systematic technical marketing especially for designers is important in all of the areas as well as organizing trainings and seminars for customers. Collecting customer feedback from the projects will be also very important in all the market areas in the future.

### 5.2.1 Finland

In Finland there is a need to develop advertisements for road and railway construction, harbour construction and building construction and put more effort for media planning (Table 12). Business unit Infrastructure Construction will not participate in larger fairs in Finland in the future, but concentrates on smaller customer seminars where specific and very important target groups are present. In direct marketing the most important channel is the local websites. In Finnish local websites there is a need to update news and references. There is also a plan to study Infrastructure related websites and try to find such sites where Ruukki should be presented.

| Finland | | Time | Responsible |
|---|---|---|---|
| | **Actions** | **Time** | **Responsible** |
| **Advertising** | - Development of more specific product advertisements | 02/2008 | PKo, HWi, JPy |
| | - Media planning | 01/2008 | PKo, HWi, JPy |
| | - Advertorials in targeted medias | 01/2008 | PKo, HWi, JPy |
| **Sales promotion** | - Participating in seminars (Geotechnics day 2008, INFRA 2008) | 2008 | TPa, JPy |
| | - Organising installation shows and tests about piling systems | 2008 | HJo |
| | - Business gifts | 2008 | JPy |
| **Direct marketing** | - Updating local websites | 02/2008 | JPy |
| | - Direct e-mailings | 2008 | JPy |
| | - Company information in partners web-sites | 03/2008 | JPy |
| **Public relations** | - Publishing business news and press releases | Monthly | JPy, PKo, HWi |
| | - Publishing Infra Newsletter | Quarterly | JPy, PKo, HWi |
| | - Developmenet of media relations (media plan, target medias) | 01/2008 | HWi, PKo, JPy |
| | - Internal marketing | Continiuous | JPy |
| **Personal selling** | - Designer & investor visits/ Infra seminar (Tour across Finland) | 01/2008 | TPa, JGu, HRa |
| | - Updated marketing material (web, brochures, presentations, customer register) | 02/2008 | JPy |
| | - Organizing trainings and educational seminars for customers | 01/2008 | JPy, PKo, HWi |
| | - Organizing a customer event for INFRA customers and partners | 03/2008 | PKo, HWi, JPy |
| **Other** | - Photographing of important projects | Continiuous | PKo, JPy |
| | - Collecting customer feedback from projects | Continiuous | PKo, JPy |
| | - Developing the concept of noise barriers | | JGu |

Table 12 Local marketing communication mix development plan, Finland

Developing of public relations require concentrating on publishing more business news about relevant and interesting cases. There is also a plan to publish Infra Newsletter quarterly. Targeted designer visits will be started in the beginning of next year. Also, it was seen important to organize some customer event for Infrastructure Construction's customers and partners yearly where customer's knowledge about Infrastructure Constructions products and services is increased. Other important issues that need to be taken into consideration in developing of communication mix are photographing of important projects, collecting customer feedback from the projects and developing the concept of noise barriers.

### 5.2.2 Sweden

In Swedish market there is also a need for more specific media planning and more consistent advertising (Table 13). In Sweden there will be a couple of smaller seminars to take part in, but no larger fairs. The largest updating needs were found from local websites. The text about Infrastructure Construction requires some updating and fresh references are needed. The interviews also revealed that there could be a need to develop some kind of sales tool into the internet where customers could fill enquiries and order forms by themselves. In developing personal selling most important is technical marketing for designers. A Steel Bridge Designer Manual will be written to help designers to do their job easier and faster.

| Sweden | | | |
|---|---|---|---|
| | **Actions** | **Time** | **Responsible** |
| **Advertising** | - More specific product advertisements | 02/2008 | JPy, ASp, KKj |
| | - Media planning | 01/2008 | JPy, ASp, KKj |
| | - Advertorials in targeted medias | 01/2008 | KKj, JPy |
| **Sales promotion** | - Brobyggnadsdagen-seminar | 01/2008 | Asp |
| | - Grundläggningsdagen-seminar | 03/2008 | KKj |
| | - Påldag 2008-seminar | 2008 | KKj |
| | - Business gifts | 2008 | KKj, ASp |
| | - Organising installation shows and tests about piling systems | 2008 | HJo, KKj |
| **Direct marketing** | - Updating local websites & Ruukki.com (references, contacts) | 02/2008 | JPy |
| | - Company information in partners web-sites | 03/2008 | KKj, ASp |
| | - Direct e-mailings | 2008 | KKj, ASp |
| **Public relations** | - Publishing business news and press releases | Monthly | KKj, ASp, JPy |
| | - Publishing Infra Newsletter | Quarterly | KKj, ASp, JPy |
| | - Internal marketing | Continious | JPy |
| **Personal selling** | - Designer & Investor visits | 2008 | KKj, ASp |
| | - Updated marketing material (web, brochures, presentations, references) | 2/2008 | JPy |
| | - Steel Bridge Designer -manual (Swedish version) | 01/2008 | JPy, THa |
| | - Organizing trainings & educational seminars for customers | 2/2008 | KKj, JPy |
| **Other** | - More effective cooperation with local marketing resources | 01/2008 | JPy |

Table 13 Local marketing communication mix development plan, Sweden

## 5.2.3 Norway

In Norwegian market area, the same basic needs in developing marketing communications were found as in Finland and in Sweden (Table 16). However, local websites have the greatest updating needs. The former acquisition of Norwegian steel bridge structures supplier, Scanbridge, influences greatly for the marketing communication action plan of the area and all the marketing material needs to be updated. Local websites demand for a lot of new references and adding Scanbridge's old references to the web. But first, Scanbridge's old references need to be changed to Ruukki's format. Partner's web sites could be also used more effectively to tell about Ruukki. Because of the acquisition there is a need to communicate about the acquisition together with business news. There is also a need to produce more technical information for designers about piling systems.

| Norway | | | |
|---|---|---|---|
| | **Actions** | **Time** | **Responsible** |
| **Advertising** | - Development of more specific product advertisements | 02/2008 | JPy, JAn, TBr |
| | - Media planning | 01/2008 | JPy, JAn, TBr |
| | - Advertorials in targeted medias | 01/2008 | JAn, TBr, JPy |
| **Sales promotion** | - Anleggsdagene-seminar | 02/2008 | JAn |
| | - Norwegian steel association day | 08/2008 | JAn |
| | - 15th Nordic Geotechnical Meeting | 09/2008 | JAn |
| | - Bergsprengningsdagen | 11/2008 | JAn |
| **Direct marketing** | - Updating local websites & Ruukki.com | 02/2008 | JPy |
| | - Banners in different websites | 01/2008 | JAn |
| **Public relations** | - Publishing business news and press releases | Monthly | JAn, TBr, JPy |
| | - Publishing Infra Newsletter | Quarterly | JAn, TBr, JPy |
| | - Internal marketing | Continious | JPy |
| **Personal selling** | - Systematic technical marketing for designers | 2008 | JAn, TBr |
| | - Customer visits (bridge contractors, investors) | 2008 | JAn, TBr |
| | - Data sheet information for designers | 03/2008 | PKo, JAn, JPy |
| | - Updated marketing material (web, brochures, presentations, references) | 02/2008 | JPy |
| | - Organizing trainings & educational seminars for customers | 02/2008 | JAn, TBr, JPy |
| **Other** | - More effective cooperation with local marketing resources | 01/2008 | JPy |

Table 14 Local marketing communication mix development plan, Norway

## 5.2.4 Baltic Countries

In the Baltic countries area most important issue is to recognize the most important customers and concentrate in harbour construction (Table 18). There is a need to develop key customer management program with main harbour contractors and authorities. Because Ruukki brand is not that well recognized among infrastructure construction customers in Baltic countries area there is a need for some brand supporting advertisements as well as there is a need to communicate about Infrastructure Construction's offering. In this area some installation shows and test pilings should be arranged. Furthermore,

updating of marketing material and sales tools is very important for this area and more product information about noise barriers and guard rails are needed.

| Baltic countries area | | | |
|---|---|---|---|
| | **Actions** | **Time** | **Responsible** |
| **Advertising** | - Development of more specific product advertisements | 02/2008 | OOr, JPy |
| | - Media planning | 01/2008 | OOr, JPy |
| | - Advertorials in targeted medias | 10/2007 | OOr, JPy |
| **Sales promotion** | - Business gifts | 2008 | OOr, JPy |
| | - Organising installation shows and test about piling systems | 2008 | HJo |
| **Direct marketing** | - Updating local websites (offering, references, pictures) | 02/2008 | JPy |
| | - Banners in different websites | 01/2008 | OOr, JPy |
| | - Sales via internet (enquiries, orders) | 02/2008 | JPy |
| **Public relations** | - Publishing business news and press releases | Monthly | OOr, JPy |
| | - Publishing Infra Newsletter | Quarterly | JPy, OOr |
| **Personal selling** | - Systematic technical marketing for designers, contractors and investors | 2008 | OOr |
| | - Recognition and visiting main players (port authorities etc.) | 2008 | OOr |
| | - Development of key customer management with main harbour contractors | 2008 | OOr |
| | - Updated marketing material (web, brochures, presentations, customer register) | 02/2008 | JPy |
| **Other** | - More effective cooperation with local marketing resources | 01/2008 | JPy |
| | - Product information about Noise barriers required | 01/2008 | HWi |
| | - Product information about Guard rails required | 01/2008 | HWi |

Table 15 Local marketing communication mix development plan, Baltic Countries

### 5.2.5 Poland

In Poland the local marketing communication development plan is quite similar with the Baltic countries area (Table 19). In Poland, in addition for more specific product advertisements there is a need for brand supporting advertising. In Poland there will be one larger fair to take part in together with other Ruukki divisions. Then again, there will be no smaller fairs to participate in on this area at the moment. There is also one target group that differs from other areas, steel structure workshops, that needs to be taken care of. In this area there is a need for updating of marketing and sales tools and translation of Traffic brochure.

| Poland | | | |
|---|---|---|---|
| | **Actions** | **Time** | **Responsible** |
| **Advertising** | - Development of more specific product advertisements | 02/2008 | WSa, JPy |
| | - Media planning | 01/2008 | WSa, JPy |
| | - Advertorials in targeted medias | 01/2008 | WSa, JPy |
| **Sales promotion** | - Road & Infrastructure Construction Fair | 05/2008 | WSa |
| | - Business gifts | 2008 | WSa |
| | - Organising installation shows and test about piling systems | 2008 | HJo |
| **Direct marketing** | - Updating local websites | 02/2008 | JPy |
| | - Direct e-mailings | 02/2008 | WSa |
| | - Sales via internet (enquiries, orders) | 03/2008 | JPy |
| **Public relations** | - Publishing business news and press releases | Monthly | WSa, JPy |
| | - Publishing Infra Newsletter | Quarterly | WSa, JPy |
| **Personal selling** | - Systematic technical marketing for designers, contractors and investors | 2008 | WSa |
| | - Customer visits | 2008 | WSa |
| | - Steel structure workshop -marketing | 2008 | WSa |
| | - Updated marketing material (web, brochures, presentations, references) | 02/2008 | JPy |
| | - Traffic brochure - Polish version | 01/2008 | WSa, JPy |
| **Other** | - More effective cooperation with local marketing resources | 01/2008 | WSa, JPy |
| | - Product information about Noise barriers requiered | 1/2008 | HWi, THa |

Table 16 Local marketing communication mix development plan, Poland

The results show that more time for planning of marketing communications must be used as well as updating marketing and sales tools. The next step is to make more detailed marketing action plan and budget for Infrastructure Construction where goals, target groups, actions, time tables, responsible persons, costs and measures are defined. The results show that market areas do not differ that much from each others and marketing communication development plans were very similar. That's why there will be made one marketing communication action plan for the whole Infrastructure Construction area and that will be localised for different needs of different markets.

# 6. DISCUSSION

This discussions chapter will summarize the major findings of the study. First, the aim of the study will be reviewed. Secondly, the main findings under the research questions will be presented. Finally, some suggestions for further study will be presented.

The aim of this Master's Thesis was to describe how the implementation of international business unit strategy using marketing communication mix as an implementation tool in the case organisation, Ruukki Infrastructure Construction has succeeded, and to develop the marketing communication mix so that it better supports the strategy implementation. The purpose of this study was not to give ultimate answers, but to describe

the current situation and to give a marketing communication mix development plan recommendation for Infrastructure Construction. The main research question guiding this study was as follows:

- o How the case organizations' marketing communication mix could be developed so that it better supports its business strategy implementation?

The main research question was further divided into three following sub-questions:

1. Should case organization's communication mix be globalized or localized?
2. What are the existing marketing tools and methods and what are they going to be in the future?
3. How the strategy implementation of business unit strategy has succeeded and is there a need for corrective actions?

At first, relevant literature of the field was reviewed. An analytical framework was then drawn up to summarize the major issues surrounding the area of the study. To test the applicability of the analytical framework and to find the particular challenges in developing marketing communication mix at Ruukki Infrastructure Construction organization, an empirical study was conducted. The method chosen for data collection was a qualitative research including a survey and thematic interviews with Business Area Managers and Sales Managers of the case organization. This method was chosen because it allows researcher to be closely involved with research participants. Using both quantitative survey and qualitative interview as research tools, enabled a possibility for gathering more information in a short period of time, and provided a possibility for deeper analysis. Overall, the analytical framework was suitable for this study, because it well directed the research process from defining the themes of survey and interviews all the way to the reporting of the research results.

The empirical findings are in line with those in the literature review. Case organization every day ponders with the question that concerns of all international companies whether to globalize or localize their marketing communication's strategy. Ruukki Infrastructure Construction also faces typical challenges in the implementation of corporate strategy. As in the literature, implementation of corporate strategy in case organiza-

tion is difficult due to the fact that often more attention to the formulation of the strategy is paid than in the implementation and the measuring of the effectiveness of the implementation is difficult.

## 6.1 Main findings and managerial implications

This chapter will summarize the main findings of the study under the themes of development of marketing communications and strategy implementation and the main findings under the themes of globalization vs. localization. However, probably the most important result of the study was to make the managers of the business unit Infrastructure Construction to think about marketing as a part of the business and in that goal study was successful.

*Development of marketing communication and strategy implementation*

The results show that the corporate strategy implementation in the case organization has succeeded well in a way that Infrastructure Construction is moving towards selling and marketing solutions and total deliveries according to the corporate strategy. Also, the way of thinking has changed from the product business to solutions business. However, there is still a lot to do to be able to achieve Infrastructure Construction's goal, to be one of the leading metal based solutions supplier in its target markets. In Traffic business area total solutions are already offered and communicating about them is seen very important. Then again in Foundations business area there is a need to develop new construction technologies to be able to offer more complete total solutions and in that way communicate about them.

Developing of case organisation's marketing communication mix is continuous work and requires choosing the right tools for each market area. The study showed that it is not easy to think communication mix elements as separate tools of advertising, sales promotion, public relations, personal selling and direct marketing and draw a clear line between them when trying to see the marketing as a whole. It was also found difficult to define certain tools under these groups because many times marketing communication tools seemed to be fitting for more than one group at the same time. For example personal selling and direct marketing were seen many times as the same thing and in business-to-business markets sales promotion does not exist in its original form.

This study also identified that standardization and adaptation of marketing mix is not an all-or-nothing proposition but a matter of degree. Local adaptation involves huge costs compared to global standardisation. Since, in global standardisation, only one campaign instead of several needs to be developed and pursued, savings can be made in designing, production and in personnel costs. But, organizational differences, heterogeneity between different countries and diverse needs among customers, do not allow standardization to be practised extensively. Therefore, marketing managers should not make too extreme one-time choices. It is important for multinational companies to consider of integrating its marketing tactics. At the same time multinational companies should concentrate on aspects of the business that requires global standardization and aspects that demand local responsiveness.

This study proved that there is a need to standardize certain elements of communication mix to be able to make communication more consistent and control the marketing in different areas. Then again, some elements of the communication mix require localization to be able to meet the specific needs of the local markets. But, what is the right level of localization? Giving free hands for local managers can lead to inconsistent marketing actions and add costs remarkably. However, standardising the whole communication mix leaves very little creativeness for local managers when they are making their yearly plans and this might lead to lack of motivation. This study also exposed that local managers want to localize the communication mix to their local needs.

Implementing of marketing strategy requires constant control and measuring of the results. Marketing strategy must be responsive to changing conditions. Marketing communications is hard to measure, because of it is often seen just as outputs. Anyhow, it is still possible. It is possible to measure for example brand awareness, product knowledge and customer satisfaction. The basic idea is that the measures are the same from year to year to be able to compare the results. Having different measures every year does not show how the awareness, satisfaction and knowledge are evolving.

*Globalization vs. localization*

Theory suggested that marketing communication mix strategy should be standardised across national markets that are similar economically, politically and culturally. The

empirical study showed that the differences between market areas inside Infrastructure Construction, actually do not differ that much. The products offered, target audiences and objectives in each market area are in fact the same, but the emphasis on these was different. For example, the micropiles are the most important products in Finland, but not important at all in Poland. Designers are the most important target group in all of the market areas except in Poland were contractors are the most important. In most of the areas the most important objective of marketing was to increase the awareness and image of business unit Infrastructure Construction, when again in Baltic's and in Poland it was also seen important to increase the awareness and image of Ruukki Brand. According to these results it could be possible to use standardised marketing communication mix in the case organizations' different market areas.

However, results also showed that there were some differences in importance of marketing communication mix elements between different market areas. Personal selling was the most important element of marketing communication mix in all the different market areas, but then again advertising divided opinions in two. Some of the respondents saw advertising as very important when again some of the respondents thought that advertising was not important at all. In general, respondents found the same marketing communication tools important, but in some areas other tools were seen more important than in other areas.

In summary, study results allow using a standardized marketing communication mix in the case organizations' different market areas, but to adapt it to local differences when needed. Probably the best way to approach this issue is to follow Kanso's advice that is not to focus to one of the extreme strategies of globalization or localization, but to think global and act local. The idea would be to have a global brand and global idea, but to adapt them to local differences. (Kanso 1992, 10-14)

## 6.2 Research limitations and suggestions for further research

There are several limitations associated with this research. Firstly, there was only a limited amount of time to conduct this study and because of the fact that the work was done mostly in the summer time it was not possible to execute all of the interviews face-to-face. Secondly, the development plan recommendation for marketing communication

mix was drawn up from the seller's view point, because the information was based on the case organization's own management's opinions about the business markets, customer's needs and wants, and development needs for marketing communication mix. For future research it would be relevant to make the same kind of survey and interviews for customers and compare their opinions with case organization's management's opinions. By this way, wider view of the subject could be reach and deeper analyzes could be made. Results were also mainly based on respondents' subjective opinions about the issues and therefore their answers do not have to be always the "right" ones.

There are also several other possibilities for further research. This study exposed that in the case organization there is a need to develop evaluation and measuring of the marketing communications. There was also a discussion about the question, whether companies should globalize or localize their marketing strategies. However, in the twenty-first century, "globalization vs. localization" is simply not the right question to ask anymore. Marketers are going to always argue about it anyway. The question could be: "How much of the marketing mix should be globalized and how much of it should adapt to local conditions?" Or as Cateora and Graham claim that the crucial question facing international marketers should be the question of what are the most efficient ways to segment markets. Country is probably not the best segmentation variable and other dimensions of global markets should be taken into consideration. As the information flow grows, marketers are able to segment their customers even more finely and from the marketing perspective customization is always best. It is only manufacturer and finance managers, who are for globalization because of the economies of scale. (Cateora & Graham 2005, 316-317)

# REFERENCES

**Literature**

Alasuutari, Pertti 1999. Laadullinen tutkimus. 3. painos. Jyväskylä: Gummerus Kirja-paino Oy.

Andrews Kenneth R. 1987. The concept of corporate strategy. Third edition. Irwin.

Atkinson, Helen 2006. Strategy implementation: a role for the balanced scorecard? Management Decision Vol. 44 No. 10, 2006, pp.1441-1460. Emerald Group Publishing Limited.

Barnett, John H. & Wilsted William 1988. Strategic Management. Concepts and cases. PWS-Kent Publishing Company. Boston.

Barlett, Christopher A. & Ghoshal Sumantra 1989. Managing Across Borders: The Transnational Solution. Boston, Mass.: Harvard Business School Press, 1989.

Barlett, Christopher A. & Ghoshal, Sumantra 1995. Transnational Management: text, cases and readings in cross-border management. Chicago: Irwin ,1995.

Beer, Michael & Eisenstat, Russel A. 2000. The Silent Killers of Strategy Implementation and Learning. Sloan Management Review. Summer 2000, pages 29-40.

Bharadwaj, Sundar G; Szymanski, David M. & Varadarajan, P. Rajan 1993. Standardization versus Adaptation of International Marketing Strategy: An Empirical Investigation. Journal of Marketing, Vol. 57, October 1993, 1-17.

Cateora, Philip R. 1990. International Marketing. Seventh Edition. Irwin.

Cateora Philip & Graham John 2005. International Marketing. Twelfth edition 2005.

Cespedes, Frank V & Piercy, Nigel F 1996. Implementing Marketing Strategy. Journal of Marketing Management 12, 135-160.

Cravens David W. 1987. Strategic Marketing. Second edition.

Cravens, David W; Hills, Gerald E & Woodruff, Robert B 1987. Marketing Management. Irwin.

Cravens, David W & Piercy Nigel F. 2003. Strategic Marketing. International edition. Seventh edition.

Czinkota, Michael R. & Ronkainen Ilkka A. 1990. International Marketing. Chicago: Dryden Press, 1990.

Daymon, Cristine & Holloway, Immy 2002. Qualitative Research Methods in Public Relations and Marketing Communications. Routledge.

De Witt & Bob, Meyer Ron 2004. Strategy. Process, Content, Context an International perspective. Third edition. Thomson.

De Pelsmacker, Patrick; Geuens, Maggie & Van den Bergh, Joeri 2001. Marketing Communications. Pearson Education Limited.

Drucker, Peter F. 1974. Management. Tasks, responsibilities, practices. Heinemann: London.

Eskola, Jari & Suoranta, Juha 1998. Johdatus laadulliseen tutkimukseen. Jyväskylä: Gummerus kirjapaino Oy.

Gibbs Springer, Christine 2005. Pa Times, September, page 9.

Greenwald, Bruce & Kahn, Judd 2005. All Strategy is Local. Harvard Business Review, September 2005.

Gummesson, Evert 2000. Qualitative Methods in Management Research. Sage.

Hooley, Graham J. & Saunders, John A. 1993. Competitive Position: the Key to Market Strategy. London: Prentice-Hall International.

Kamensky Mika 2004. Strateginen johtaminen. Jyväskylä: Talentum Media Oy.

Kanso Ali 1992. International Advertising Strategies: Global commitment to local vision. Journal of advertising research. January/February 1992. Pages 10-14.

Kaplan, Robert S. & Norton, David P. 2002. Strategialähtöinen organisaatio. Tehokkaan strategiaprosessin toteutus. Jyväskylä: Gummerus Kirjapaino Oy.

Kotler ,Phillip 1997. Marketing Management; Analysis,Planning, Implementation and Control. The Prentice Hall International Edition. Ninth Edition.

Kotler, Philip & Armstrong Gary 2004. Principles of Marketing. Pearson Prentice Hall. Tenth Edition.

Kotler, Phillip & Keller, Kevin Lane 2006. Marketing Management 12e. Pearson Education. Twelfth Edition.

Levitt, Theodore 1983. The Globalization of Markets. Harward Business Review, May-June, pp. 92- 102.

Lindroos, Jan-Erik & Lohivesi Kari 2004. Onnistu Strategiassa. Helsinki WSOY.

Mintzberg, Henry; Ahlstrand, Bruce & Lampel, Joseph 1998. Strategy Safari. The complete guide through the wilds of strategic management. Pearson Education Limited.

Mintzberg, Henry; Lampel, Joseph & Quinn, James B. & Ghoshal, Sumantra 2003. The Strategy Process. Concepts, Contexts, Cases. Global Fourth Edition. Prentice Hall.

Mueller Barbara 1996. International advertising. Communicating across cultures. Wadsworth Publishing company.

Papavassiliou, Nikolaos & Stathakopoulos, Vlassis 1997. Standardisation versus adaptation of international advertising strategies: Towards a framework. European Journal of Marketing, Vol 31, No. 7, 1997, pp. 504-527.

Pinkham Myra 2007. Powerful Demand for Steel. Construction Market outlook. Metal Center News, June 2007, pp. 22-26.

Porter, Michael E. 1996. What Is Strategy? Harward Business Review. Nowember-December 1996, pp 61-78.

Schultz, Don E. 1994. Integrated Marketing Communications. Lincolnwood: NTC Business Books , 1994.

Tikkanen, Henrikki; Aspara, Jouko & Parvinen, Petri 2007. Strategisen markkinoinnin perusteet. Talentum.

Tuomi, Jouni & Sarajärvi Anneli 2002. Laadullinen tutkimus ja sisällönanalyysi. Gummerus kirjapaino Oy Jyväskylä.

West, Douglas; Ford, John & Ibrahim, Essam 2006. Strategic Marketing: Creating Competitive Advantage. Oxford.

White, Colin 2004. Strategic Management. Basingstoke : Palgrave Macmillan , 2004

Vrontis, Demetris 2003. Integrating Adaptation and Standardization in International Marketing: The AdaptStand Modelling Process. Journal of Marketing Management, 2003, 19, 283-305.

Vrontis, Demetris & Kitchen, Philip J. 2005. Entry Methods and International Marketing Decision Making: An Empirical Investigation. International Journal of Business Studies. Vol 13 No 1, June 2005, pages 87-110.

Yin, Robert K. 2003. Case Study Research: design and methods. Thousand Oaks: Sage, 2003.

**Other references**

*Other printed references*

Rautaruukki Corporation, Annual report 2005 & 2006

Ruukki's Brand Book 2004. The Ruukki brand, a concise course 30.8.2004

Rautaruukki Corporation, Brand research 2005-2006

"Speed and quality for metal based construction" - Rautaruukki Corporation's strategy leaflet for Construction Division, November 2006

*Presentation slides*

Rautaruukki Corporation, Corporate Presentation 2007

Rautaruukki Corporation, Construction Division Presentation 2007

Rautaruukki Corporation, Corporate Strategy Presentation, February 2007

Rautaruukki Corporation, Infrastructure Construction Presentation 2007

Rautaruukki Corporation, Brand Research 2005-2006

Rautaruukki Corporation, Infrastructure Construction, Business Area Concepts 21.2.2006

Rautaruukki Corporation, Ruukki Construction, Communications and Marketing 2007

*Human sources*

Survey, concerning Infrastructure Construction's marketing. Distributed via e-mail to case organization's Business Area Managers and Sales Managers 30.5.2007

> *Respondents:*
>
> Pasi Korkeakoski, Business Manager, Foundation Structures
>
> Heikki Wilén, Business Manager, Traffic Structures
>
> Kjell Kjellberg, Business Area Manager, Foundation Structures, Sweden
>
> Anders Spåls, Business Area Manager, Traffic Structures, Sweden
>
> Jan Andreassen, Business Area manager, Foundation Structures, Norway
>
> Oras Olgert, Sales Manager, Baltic Countries
>
> Wawrzyniéc Sadkowski, Sales Manager, Poland

Thematic interviews

> Pasi Korkeakoski, Business Manager, Foundation Structures

Heikki Wilén, Business Manager, Traffic Structures

Kjell Kjellberg, Business Area Manager, Foundation Structures, Sweden

Anders Spåls, Business Area Manager, Traffic Structures, Sweden

Jan Andreassen, Business Area manager, Foundation Structures, Norway

Oras Olgert, Sales Manager, Baltic Countries

Wawrzyniéc Sadkowski, Sales Manager, Poland

Interview with Sami Eronen, Senior Vice President of Infrastructure Construction

# APPENDICES

## Appendix 1: Survey questionnaire

This survey is a part of Johanna Pystynen's Master's Thesis research, which aims to develope Rautaruukki Oyj's business unit Infrastructure Construction's marketing methods to support new business strategy.

Your opinion will be valuable for the formation of future focused marketing communications strategy for business unit Infrastructure Construction.

Please, return the questionnaire filled at latest **by Friday 15.6.2007** by e-mail to johanna.pystynen@ruukki.com or by fax. +358 20 59 25656. Thank you for your help!

### Background information

Company: Rautaruukki Oyj         Name:

Division:         Position:

Business unit:         Country/countries of responsibility:

Traffic / Foundation Structures

Instructions for how to answer to different questions will be explaned in each question. Please answer the questions by circuling the right choice or writing numbers into columns.
Importance:

1 = very important

2 = important

3 = not so important

4 = no importance at all

If you are working for Foundation Structures you will answer the questions conserning only foundation products and customers and if you are working for Traffic Structures you will answer the questions conserning traffic products and customers. Answer the questions only conserning your area of responsibility and not for the whole Infra.

Please use bravery scales extreme ends to be able to find out differences more clearly!

### Products

1    What are the most important products in your area of responsibility at the moment and in the future in your opinion? Mark the products using numbers (1-7) from the most important as 1 and least important with 7. If the product is not offered in your area mark 0.

| | Importance at the moment | Importance in the future |
|---|---|---|
| a) Micropiles (RR60-RR220) | | |
| b) Large diameter piles (RR400-RR1200) | | |
| c) Retaining walls | | |
| d) Steel foundation | | |
| e) Steel structures for bridges | | |
| f) VU-profiles | | |
| g) Noise barriers | | |

h) Guard rails

i) Something else, what?

2     Why these products are the most important in your area of responsibility at the moment and in the future in your opinion? Mark which product suits best to the statement. Use the alphabets from the previous question (a-i). Circle also how important do you find this statement. 1= very important, 4= no importance at all. Take into account only 3 most important products from your area of responsibility.

| | | Product (a-i) | Importance | | | |
|---|---|---|---|---|---|---|
| a) | These products have the highest demand in my area at the moment | | 1 | 2 | 3 | 4 |
| b) | These products have the biggest share on sales at the moment | | 1 | 2 | 3 | 4 |
| c) | These products bring the most money for the BU Infra at the moment | | 1 | 2 | 3 | 4 |
| d) | We have always offered these products in this area | | 1 | 2 | 3 | 4 |
| e) | These products will bring the most money for the BU Infra in the future | | 1 | 2 | 3 | 4 |
| f) | These products will have a larger share from the sales in my area in the future | | 1 | 2 | 3 | 4 |
| g) | These products are strategicly important | | 1 | 2 | 3 | 4 |

3     What are the products that you sell the most in your area of responsibility at the moment and what are the products that you should sell the most in the future? Mark the sales shares using percentages. If the product is not offered in your area mark 0. The sum of the percentages have to be 100 %.

| | | Sales share at the moment 2006 | Target sales share in the future 2010 |
|---|---|---|---|
| a) | Micropiles (RR60-RR220) | % | % |
| b) | Large diameter piles (RR400-RR1200) | % | % |
| c) | Retaining walls | % | % |
| d) | Steel foundation | % | % |
| e) | Steel structures for bridges | % | % |
| f) | VU-profiles | % | % |
| g) | Noise barriers | % | % |
| h) | Guard rails | % | % |
| i) | Something else, what? | % | % |
| | | 100 % | 100 % |

4     What is the biggest sales share in your area of responsibility from the next at the moment and what should it be in the future? Mark the shares in percentages.

| | | Sales share at the moment | Target sales share in the future |
|---|---|---|---|
| a) | Components | % | % |
| b) | Systems | % | % |
| c) | Total deliveries including installation | % | % |

5 What do you think about these statements? Circle "yes" if you agree and "no" if you don't agree with the statement. Mark also the importance of the statement. 1= very important, 4= no importance at all.

|  |  | Yes or No |  | Importance |  |  |  |
|---|---|---|---|---|---|---|---|
| a) | The sales mix in my area of responsibility is on the right level at the moment | Yes | No | 1 | 2 | 3 | 4 |
| b) | We should offer more customized products in the future | Yes | No | 1 | 2 | 3 | 4 |
| c) | Differentiation brings us competitive advantage compered to our competitors | Yes | No | 1 | 2 | 3 | 4 |
| d) | There is a need to change the sales mix to sell more own products and less trade products | Yes | No | 1 | 2 | 3 | 4 |
| e) | We sell more total deliveries than products/components at the moment | Yes | No | 1 | 2 | 3 | 4 |
| f) | In the future we will sell more services -e.g. knowlidge services and designing, project planning, financing, maintenance | Yes | No | 1 | 2 | 3 | 4 |
| g) | In the future we need to concentrate even more in product development | Yes | No | 1 | 2 | 3 | 4 |
| h) | In the future we will sell more total deliveries than components/products | Yes | No | 1 | 2 | 3 | 4 |
| i) | We are really good in product adaptation. We can easily adapt products from one country to others. | Yes | No | 1 | 2 | 3 | 4 |
| j) | We sell all the products under Ruukki brand and our name shows for the whole project | Yes | No | 1 | 2 | 3 | 4 |

## Customers

6 What are the most important customer/influencer groups in your area of responsibilities at the moment and what will be the most important in the future? Mark the customer groups using numbers (1-8) from the most important as 1 and least important with 8. If the customer group is irrelevant in your area mark 0.

|  |  | Importance at the moment | Importance in the future |
|---|---|---|---|
| a) | Contractors | | |
| b) | Designers | | |
| c) | Influencers (research institutions, universities etc.) | | |
| d) | Consumers | | |
| e) | Investors | | |
| f) | Steel structure workshops | | |
| g) | Wholesalers/ agents / tradors | | |
| h) | Other, what? | | |

7 Why do you find these customer groups the most important? Mark which customer group suits best to the statement using alphabets (a-h) from the previous question. Circle also the importance of the statement. 1= very important, 4= no importance at all.

|  |  | Customer group (a-h) | Importance |  |  |  |
|---|---|---|---|---|---|---|
| a) | They bring the most money for the company at the moment | | 1 | 2 | 3 | 4 |
| b) | They can affect to the paying customers decision making process | | 1 | 2 | 3 | 4 |

c)

They will bring the most money for the company in the future     1   2   3   4

d)

These customers/influencers market our products     1   2   3   4

e)  We have product development with them     1   2   3   4

f)  They are distributing our products     1   2   3   4

8

The decision making process. Who is making the decision about the project/about buying our products in customers side? Circle "yes" or "no" and also the importance. 1= very important, 4= no importance at all / Answer the question according the most important product group.

|  | True or false | | Importance | | | |
|---|---|---|---|---|---|---|
| a) Contractors | Yes | No | 1 | 2 | 3 | 4 |
| b) Designers | Yes | No | 1 | 2 | 3 | 4 |
| c) Influencers (universities, research institutions etc.) | Yes | No | 1 | 2 | 3 | 4 |
| d) Consumers | Yes | No | 1 | 2 | 3 | 4 |
| e) Investors | Yes | No | 1 | 2 | 3 | 4 |
| f) Steel structure workshops | Yes | No | 1 | 2 | 3 | 4 |
| g) Wholesalers/ agents / tradors | Yes | No | 1 | 2 | 3 | 4 |
| h) Other, what? | Yes | No | 1 | 2 | 3 | 4 |

9

To which customer groups marketing actions have been targeted most in the past in your area? And to wich customer groups marketing actions should be targeted the most in the future in your area? Mark the customer groups using numbers (1-8) so that 1 means most marketing actions and 8 means least. If the customer group is irrelevant in your area mark 0.

|  | Marketing actions targets in the past | Marketing actions targets in the future |
|---|---|---|
| a) Contractors | | |
| b) Designers | | |
| c) Influencers (research institutions, universities etc.) | | |
| d) Steel structure workshops | | |
| e) Investors | | |
| f) Consumers | | |
| g) Wholesalers/ agents / tradors | | |
| h) Other, what? | | |

10  Should marketing actions be targeted to existing or new customers? Circle "yes" or "no" and mark the importance in the future. 1= very important, 4= no importance at all.

|  | True or false | | Importance in the future | | | |
|---|---|---|---|---|---|---|
| a) Marketing actions have been targeted to new customers in the past | Yes | No | 1 | 2 | 3 | 4 |
| b) Marketing actions have been targeted to existing customers in the past | Yes | No | 1 | 2 | 3 | 4 |
| c) Marketing actions should be targeted to new customers in the future | Yes | No | 1 | 2 | 3 | 4 |

| | | Objective | | Importance | | | |
|---|---|---|---|---|---|---|---|
| d) | Marketing actions should be targeted to existing customers in the future | Yes | No | 1 | 2 | 3 | 4 |
| e) | Marketing actions should be targeted to our previous customers, that are not our customers at the moment | Yes | No | 1 | 2 | 3 | 4 |
| f) | We should concentrate on getting new customers | Yes | No | 1 | 2 | 3 | 4 |
| g) | We should concentrate on existing customers | Yes | No | 1 | 2 | 3 | 4 |

## Marketing

11. What are the objectives of marketing in your area of responsibility? Circle "yes" or "no" and mark the importance. 1= very important, 4= no importance at all.

| | | Objective | | Importance | | | |
|---|---|---|---|---|---|---|---|
| a) | To increase awareness & image of Ruukki brand | Yes | No | 1 | 2 | 3 | 4 |
| b) | To add Ruukki Construction knowledge | Yes | No | 1 | 2 | 3 | 4 |
| c) | To increase knowledge and awareness of Infra | Yes | No | 1 | 2 | 3 | 4 |
| d) | Adding product knowledge | Yes | No | 1 | 2 | 3 | 4 |
| e) | Getting new customers | Yes | No | 1 | 2 | 3 | 4 |
| f) | Widening sales scope | Yes | No | 1 | 2 | 3 | 4 |
| g) | Increase sales | Yes | No | 1 | 2 | 3 | 4 |
| h) | Sales support | Yes | No | 1 | 2 | 3 | 4 |
| i) | To increase the awareness about our strategy as solution provider | Yes | No | 1 | 2 | 3 | 4 |

12. What kind of marketing methods have been used in the past in your area of responsibility and how much? Circle the right from the next a) regularly, b) occasionally, c) never. Mark also how important do you see these methods in the future? 1= very important, 4= no importance at all

| | | How often method have been used? | | | Importance in the future | | | |
|---|---|---|---|---|---|---|---|---|
| | ***Advertising*** | | | | | | | |
| a) | Advertising in magazines/newspapers etc. | a) | b) | c) | 1 | 2 | 3 | 4 |
| b) | Radio advertising | a) | b) | c) | 1 | 2 | 3 | 4 |
| c) | TV-advertising | a) | b) | c) | 1 | 2 | 3 | 4 |
| d) | Campaigns | a) | b) | c) | 1 | 2 | 3 | 4 |
| e) | Customized advertisements for different products | a) | b) | c) | 1 | 2 | 3 | 4 |
| f) | Quick screens | a) | b) | c) | 1 | 2 | 3 | 4 |
| g) | Pictures of references | a) | b) | c) | 1 | 2 | 3 | 4 |
| | ***Sales promotion*** | | | | | | | |
| a) | Fairs | a) | b) | c) | 1 | 2 | 3 | 4 |
| b) | Customer seminars and smaller events organized by others | a) | b) | c) | 1 | 2 | 3 | 4 |
| c) | Organizing installation shows / test installation events for customers | a) | b) | c) | 1 | 2 | 3 | 4 |
| d) | Business gifts | a) | b) | c) | 1 | 2 | 3 | 4 |
| e) | Samples | a) | b) | c) | 1 | 2 | 3 | 4 |
| | ***Personal selling*** | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a) | Personal selling | a) | b) | c) | | 1 | 2 | 3 | 4 |
| b) | After sales | a) | b) | c) | | 1 | 2 | 3 | 4 |
| c) | References | a) | b) | c) | | 1 | 2 | 3 | 4 |
| d) | Presentations about Infra and products | a) | b) | c) | | 1 | 2 | 3 | 4 |
| e) | Brochures, catogues & technical data sheets | a) | b) | c) | | 1 | 2 | 3 | 4 |
| f) | Designer manuals and guides for different customer groups about the products | a) | b) | c) | | 1 | 2 | 3 | 4 |
| g) | Good and up-to-date customer register | a) | b) | c) | | 1 | 2 | 3 | 4 |
| h) | Customer visits, customer contacts | a) | b) | c) | | 1 | 2 | 3 | 4 |
| i) | Price lists | a) | b) | c) | | 1 | 2 | 3 | 4 |
| j) | Taking customers to concerts and other events | a) | b) | c) | | 1 | 2 | 3 | 4 |
| k) | Targeted customer events/seminars organized by Ruukki | a) | b) | c) | | 1 | 2 | 3 | 4 |
| l) | Trainings for different customer groups e.g. designers | a) | b) | c) | | 1 | 2 | 3 | 4 |
| m) | Customer segmentation | a) | b) | c) | | 1 | 2 | 3 | 4 |
| n) | Product information reports | a) | b) | c) | | 1 | 2 | 3 | 4 |

**Direct marketing**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a) | Ruukki com | a) | b) | c) | | 1 | 2 | 3 | 4 |
| b) | Local websites | a) | b) | c) | | 1 | 2 | 3 | 4 |
| c) | Banners in different websites | a) | b) | c) | | 1 | 2 | 3 | 4 |
| d) | Direct e-mailing | a) | b) | c) | | 1 | 2 | 3 | 4 |
| e) | Phone / mobile phone | a) | b) | c) | | 1 | 2 | 3 | 4 |
| f) | Sales via the internet (enquiries, orders) | a) | b) | c) | | 1 | 2 | 3 | 4 |
| g) | Information about us in external web pages, in partners web pages | a) | b) | c) | | 1 | 2 | 3 | 4 |

**Public relations**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| a) | Stories and articles about Infra | a) | b) | c) | | 1 | 2 | 3 | 4 |
| b) | Educational articles | a) | b) | c) | | 1 | 2 | 3 | 4 |
| c) | Offering knowledge services (e.g. steel knowledge, construction knowledge.. etc.) | a) | b) | c) | | 1 | 2 | 3 | 4 |
| d) | We should communicate only about total deliveries, not just products | a) | b) | c) | | 1 | 2 | 3 | 4 |
| e) | Internal marketing | a) | b) | c) | | 1 | 2 | 3 | 4 |
| f) | Sponsorships | a) | b) | c) | | 1 | 2 | 3 | 4 |
| g) | News releases about won deals | a) | b) | c) | | 1 | 2 | 3 | 4 |
| h) | Building/installations videos for "teaching" and marketing | a) | b) | c) | | 1 | 2 | 3 | 4 |
| i) | Taking part in scientific conferences | a) | b) | c) | | 1 | 2 | 3 | 4 |

13 How could the existing marketing methods be more effective? Mark by circuling "yes" or "no" if the effectiveness should be increased in your opinion and also the importance in the future. 1= very important, 4= no importance at all.

| Should effectiveness been increased? | Importance in the future |
|---|---|

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| a) | Using synergies more efectively between traffic structures and foundation structures | Yes | No | 1 | 2 | 3 | 4 |
| b) | Same methods into use in all countries and areas | Yes | No | 1 | 2 | 3 | 4 |
| c) | Methods should be tailored for different areas and different target groups | Yes | No | 1 | 2 | 3 | 4 |
| d) | Synergies between divisions should be used in marketing | Yes | No | 1 | 2 | 3 | 4 |
| e) | There should be at least 1 marketing person for Infra in each country | Yes | No | 1 | 2 | 3 | 4 |
| f) | There should be less marketing reporting in the future | Yes | No | 1 | 2 | 3 | 4 |
| g) | More money on marketing in the future | Yes | No | 1 | 2 | 3 | 4 |
| h) | Less money on marketing in the future | Yes | No | 1 | 2 | 3 | 4 |
| i) | We should invest on quality of the marketing actions | Yes | No | 1 | 2 | 3 | 4 |
| j) | We should make more detailed marketing plans / Invest on planning | Yes | No | 1 | 2 | 3 | 4 |
| k) | We should make even more targeted actions | Yes | No | 1 | 2 | 3 | 4 |
| l) | We should plan marketing budgets even more detailed | Yes | No | 1 | 2 | 3 | 4 |
| m) | There should be less marketing actions in the future | Yes | No | 1 | 2 | 3 | 4 |
| n) | Tools for marketing available for everyone in 1 place | Yes | No | 1 | 2 | 3 | 4 |

### Additional questions

Do you plan marketing actions?

How much of your time in a week do you put on marketing? Percentages?

How much of your time in a month do you put on marketing? Percentages?

How much time in a year do you use for planning marketing? Percentages of total use of your time.

Are you going to spend more or less time in marketing in the future?

Is there a possibility to use more time for marketing in the future? And how?

If you would put 100% more efforts for marketing, how much would sales increse be in persentages?

Additional information/ ideas etc. Please write freely what you have on your mind!

*Thank you for your valuable answeres!*

**Appendix 2: Thematic interview questions**

1. What are the most important products at the moment and in the future in your area of responsibilities?

2. What are the most important target groups at the moment and in the future in your area of responsibility?

3. What are the most important objectives of marketing communications in your area of responsibilities?

4. What kind of marketing communication mix has been used in the past in your area of responsibility and how marketing communications could be developed to work more effectively?